

Bowen, favoring House bill 106; to the Committee on Military Affairs.

3468. By Mr. KING: Resolution of the San Pedro Typographical Union, No. 862, of San Pedro, Calif., relative to a wage adjustment; to the Committee on Printing.

3469. By Mr. LANE: Petition of the mayor and city council of the city of Chelsea, Mass., concerning Senate bill 1163; to the Committee on Banking and Currency.

HOUSE OF REPRESENTATIVES

WEDNESDAY, DECEMBER 8, 1943

The House met at 12 o'clock noon.

The Reverend Jacob S. Payton, D. D., of Washington, D. C., offered the following prayer:

Eternal God, we bow in reverence before Thee whose name is hallowed, whose judgments are true and righteous altogether, and whose love is unfailing. For Thy mercies which have followed us all the days of our lives we offer praise and thanksgiving. The evidences of Thy beauty we have seen in lives that have blessed us, and we have recognized Thy fatherly care in delivering us from many evils and misfortunes.

Hear our prayer, O Lord, for America. While her sons are offering up their lives in battle and many homes are becoming the abodes of anxiety and sorrow, we pray that the spirit of the Lord may visit our land in all its comforting power. Rescue our citizens from their follies, redeem them from their iniquities, and cleanse them from all uncleanness that thereby America may be made precious in Thy sight because of her righteousness.

As these Thy servants stand upon the threshold of another week, grant them discernment of such means as will contribute to a world in which Thy precepts shall be honored. Here may they indicate the direction in which America should move that her citizens may become abundant in good works and that her devotion to the teachings of Thy Son may serve as an example to the nations. We offer our prayer in the name of Jesus Christ, our Redeemer. Amen.

The Journal of the proceedings of Friday, November 5, 1943, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Gatling, one of its clerks, announced that the Senate insist upon its amendment to the bill (H. R. 2188) entitled "An act to amend the act providing for the payment of allowance on death of officer or enlisted man to widow, or person designated, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. REYNOLDS, Mr. THOMAS of Utah, Mr. JOHNSON of Colorado, Mr. AUSTIN, and Mr. BRIDGES to be the conferees on the part of the Senate.

SEÑOR DON PEDRO CASTELBLANCO AGUERO

Mr. BLOOM. Mr. Speaker, we have the honor today of having with us Señor

Don Pedro Castelblanco Aguero, president of the Chilean Chamber of Deputies. He has presented to the Speaker of the House of Representatives a message from the Chamber of Deputies of Chile. I ask unanimous consent that the message be read to the House at this time by the Clerk.

The SPEAKER. Without objection, the Clerk will read.

The Clerk read as follows:

THE CHAMBER OF DEPUTIES OF CHILE.
To the American Congresses:

By the intermediary of the president of the corporation, Señor Don Pedro Castelblanco Aguero, formulates its most fervent votes of American brotherhood.

It anxiously desires that his journey may strengthen and translate, into positive and concrete accomplishments, the ideals and aspirations of spiritual and economic unity animating all the countries of the continent.

The Chamber of Deputies of Chile, which has had a long and more than century-old tradition of democracy, hopes that by the common action of the American nations there may be obtained full confirmation of the principles of democracy and liberty.

The SPEAKER. On the part of the House of Representatives, I desire to thank the president of the legislature of our great sister republic of Chile for bringing us this message, and to welcome him, not only to this House of Representatives but to the city of Washington and to the United States.

CALL OF THE HOUSE

Mr. WILSON. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll. No. 156]

Anderson, Calif.	Dingell	Jones
Andrews	Ditter	Judd
Baldwin, Md.	Douglas	Kearney
Barden	Drewry	Kee
Barry	Durham	Kennedy
Bates, Mass.	Elmer	Keogh
Beckworth	Engel, Mich.	Kerr
Bell	Fay	Kilburn
Bender	Fenton	Kleberg
Blackney	Fernandez	Klein
Bland	Fitzpatrick	Lambertson
Boren	Fogarty	Lane
Bradley, Mich.	Ford	Lea
Bradley, Pa.	Fulmer	LeFevre
Brehm	Furlong	McGregor
Brooks	Gallagher	McLean
Brown, Ohio	Gamble	McMurray
Buckley	Gavagan	Maas
Burchill, N. Y.	Gayin	Madden
Busbey	Gerlach	Magnuson
Butler	Gifford	Marcantonio
Byrne	Gillie	Martin, Iowa
Camp	Gore	Merritt
Cannon, Fla.	Gorski	Miller, Pa.
Capozzoli	Hale	Morrison, La.
Carter	Hall	Mott
Chapman	Leonard W.	Murphy
Chenoweth	Halleck	Myers
Clason	Harness, Ind.	Norton
Cole, N. Y.	Hart	O'Brien, Ill.
Compton	Hébert	O'Connor
Costello	Heffernan	O'Leary
Courtney	Hendricks	O'Toole
Crawford	Herter	Pace
Cullen	Hess	Peterson, Ga.
Curley	Holmes, Mass.	Pfeifer
D'Alesandro	Izac	Philbin
Davis	Jackson	Ploeser
Dawson	Jennings	Pracht
Dies	Johnson	Rabaut
	J. Leroy	Randolph

Rees, Kans.
Robison, Ky.
Rogers, Calif.
Rowan
Sabath
Sadowski
Sasscer
Satterfield
Scanlon
Scott
Shafer
Sheridan
Short

Sikes
Slaughter
Smith, Maine
Smith, Va.
Smith, W. Va.
Somers, N. Y.
Starnes, Ala.
Steagall
Sundstrom
Taber
Taylor
Thomas, N. J.
Towe

Vincent, Ky.
Wasielewski
West
Wheat
Wheelchel, Ga.
White
Willey
Winstead
Winter
Wolcott
Zimmerman

The SPEAKER. On this roll call 270 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

REPRESENTATIVE ROBERT L. DOUGHTON

The SPEAKER. The Chair recognizes the gentleman from North Carolina [Mr. MORRISON].

Mr. MORRISON of North Carolina. Mr. Speaker speaking for the whole delegation of my State, and for the whole people of North Carolina, I ask the Members to suspend their labors for a brief while, in order that we may do honor on the anniversary of the birthday of a model man, one of the greatest patriots my State ever contributed to this Republic. In the northwest corner of my State there is a region known for centuries as the Lost Province. It is so beautiful that only a poet could describe it, but until a few decades ago it was shut off and pent up by lack of transportation to other parts of the world. Without railroad facilities, without dirt roads, the people had lived there because they loved its beauty, the grandeur of its mountains, the beauty of its sunsets and sunrises. They had grown a great, brave people, but they had had few of the modern facilities for development. They were blessed however in rearing in those surroundings, two great men, brothers, who were to lead them from their hard environment, and by bringing modern conveniences and opportunities to make it such, there is a land that is fairer than day, and I wish by faith that I could make you see it from afar. They commenced to move along every line that Christians and patriots move, and today they are blessed with the finest rural schools in the land, roads that are as up to date and superb as any in the Republic, and with one of the happiest people ever found in all the world.

In 1908 one of these men, unknown to the State at large, a businessman, a farmer, a trader in livestock, moved about the people, and without being a candidate or desiring it, in spite of himself, the party to which he belonged, nominated him for the State Senate. He accepted the nomination in a Senatorial district overwhelmingly Republican, and commenced a campaign unlike any other I have ever heard of in my life. He moved among the people with great celerity. The roads were impassable a great deal of the time, and still when his mode of conveyance broke down, he walked from county site to county site. He engaged in discussion unlike any ever heard before in that part of the country.

Without oratorical blandishments, without large literary attainments, he moved among the people and in their

language, with their homely illustrations; he talked to them about public matters, and the condition in which they were. He talked, and yet never resorted to demagoguery, nor did he ever soil his Christian house with low buffoonery or coarse joke. When the election was over, he had defeated the able, splendid man on the other ticket by a handsome majority, and went to the halls of the general assembly of our State. There, modestly, he commenced to work for his State and his people, and to advocate programs and policies that looked to the progress of his State.

Two years later, in 1910, when he was 47 years old, they nominated him for Congress—this House of Representatives—then represented by my friend, the brilliant and accomplished Republican, Hon. Charles Cowles, a member of one of the most powerful families in the South, a gentleman of accomplishments. Why did they nominate him? The great lawyers and public debaters and natural leaders had nearly all been defeated by the Republican Party in that district. The convention, I can hardly help but think divinely guided, nominated farmer ROBERT L. DOUGHTON, for that high honor, against his wishes and against his will. He commenced a campaign unique and almost impossible of definition or description to you. It was almost a foot race. Hard to travel still, he moved in almost mysterious swiftness through the district, talking to little groups, talking to individuals, talking everywhere, while Mr. Cowles, with that scholarship for which he was noted, was making addresses. But, Farmer Bob went about among the people, moving always as the model man, the devout Baptist brother that he was. And, without trying to use his religious life to secure votes, but, with true sincerity and simplicity, he moved among the people.

There were 10 counties in the district, and 7 of them were Republican. His county was the smallest in the district. My friend Cowles represented the great county of Wilkes, with 2,000 Republican majority, and yet when the election was over, Farmer Bob had been sent to this House of Representatives.

He has been here longer than any other North Carolinian ever represented our State or any district in this House, or either branch of Congress, in its entire history. For 11 years, longer than anybody else, he has been chairman of the great Committee on Ways and Means in this House.

Let us study him a little bit. He is a very modest man, but he must take a little in his presence. A very modest man. He does not possess a command of much richness and powerful literary citation and quotation, though he learned the great truths in the Lord God Almighty's book, the Bible. He is deeply grounded in the principles of our great fabric of liberty, and loves them. He is not given to neat phrase, but with simplicity of speech, he still speaks with power upon any subject he discusses. Not a trained orator, but of that type that from the day of the Father of our Country down to this the American peo-

ple have most honored, unrivaled in the soundness of his judgment and the God-like capacity to decree and decide; a man of almost unparalleled judgment for our day and time. He may lack the scintillating brilliancy of literary orators of today, but in moral vision and spiritual power, ROBERT L. DOUGHTON is one of the greatest men who have ever occupied a seat upon this floor.

I congratulate him upon this, the eightieth anniversary of his birth. May I, without knowing much of the propriety of speech of this occasion, congratulate him upon the fact that the beautiful and noble woman that God gave him for wife still lives and is by his side to comfort and encourage and strengthen him and make him happy as he continues down through the years of life.

May I also congratulate him that his great brother, the greatest legislator who ever served in the halls of the general assembly of my State, still lives, though 8 years his senior, honored by the whole people of the State, still practicing his profession, that of the law, president of a large chain of banks, which he and his brother, Hon. ROBERT DOUGHTON, control. Successful in business as our friend has been, honored by all the State, Mr. Speaker, North Carolina has increased its great manufacturing establishments in the last few decades. We have tremendously increased our wealth and we are proud of our factories. We are proud of our banks.

We are proud, oh, very proud, of our rich and fertile farms. We are proud of all our accumulations in material things, but North Carolina's two most precious jewels are the life and example of ROBERT L. DOUGHTON and his great brother, R. A. Doughton.

The SPEAKER. The Chair recognizes the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, I ask unanimous consent to address the House.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COOPER. Mr. Speaker, I am sure I voice the true sentiment and the feeling of each of the majority members as well as the minority members of the Committee on Ways and Means in joining in this tribute and an expression of these felicitations to our distinguished colleague and warm personal friend the gentleman from North Carolina [Mr. DOUGHTON]. Those of us who have been privileged to serve side by side with him through the years know that he is a man who possesses the highest attributes of Christian character and all of the sterling quantities of manhood, a man of recognized ability and demonstrated devotion to public service; indeed, a great American patriot, a great American statesman who enjoys the confidence, respect; and genuine affection of all the members of the committee over which he presides with such distinguished honor and great ability.

The SPEAKER. The gentleman from Minnesota [Mr. KNUTSON] is recognized.

Mr. KNUTSON. Mr. Speaker, for me to attempt to add anything to what has been said by the distinguished gentleman from North Carolina [Mr. MORRISON] and by our good friend the gentleman from Tennessee [Mr. COOPER] would be like gilding the lily; yet I cannot refrain from taking the floor for a few moments and paying tribute to one of the great Americans of this period. The gentleman from North Carolina [Mr. MORRISON], in his splendid encomium, pictured our beloved chairman of the Ways and Means Committee as an outstanding North Carolinian. My friends, he is more than a North Carolinian; he is an outstanding American, and 48 States of the Union and all the Territories join in paying tribute to this great man today.

It was not given me to attend college in my youth, having been raised in a frontier country, but after having served on the Ways and Means Committee for 10 years under the able leadership of the gentleman from North Carolina [Mr. DOUGHTON] I no longer miss what was denied me back in those days. Serving under him has been like going to college.

There is not an abler or fairer presiding officer in either House of Congress. Woe be unto the man who comes before our committee seeking some special privilege or basing his contention upon a false premise. That hard-headed, discerning chairman of ours picks his arguments to pieces. Hardly a day of hearings pass but what he gives expression to some homely truth. I am reminded of one that he made only a few weeks back, while the tax bill was under consideration. He said: "You can shear and shear a sheep, but you can skin it only once." That saying will go down in history. It will endure, it will be used by people of all lands in explaining something just as long as mortal man has the use of his tongue.

BOB DOUGHTON is 80 years young today. With 80 years behind him he is as alert, mentally and physically, as a man of 50, due to the fact that he has always taken good care of himself. He certainly has set a fine example to the other Members of the House in the way of clean living, and it is most unfortunate that more have not profited by his example. But that is neither here nor there; we rejoice in the fact that it is given to us on the Ways and Means Committee to have such an outstanding chairman, and I can say to the American people that so long as BOB DOUGHTON is chairman of the Committee on Ways and Means, we will never substitute the wringer for the eagle on our coat of arms. He is not one who believes that because a thing is large it must of necessity be corrupt. He does not believe that you pull the man up from a lower stratum by reaching up and pulling all men down from the upper strata. In all the time I have known him I have never seen him do an ungenerous thing or utter an unkindly thought.

Marse Bob, we join with the North Carolinians today in paying you this tribute, and wishing for you length in years. At the rate you are going now you will be in this House for another 50 years; and, God bless you, I hope you will.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that on tomorrow, after the conclusion of the legislative business of the day and other special orders, I may address the House for 20 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

MAJ. JACK ADAMS

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, out of this tragic war has come a number of well-known heroes whose names have been flashed across the continent because of outstanding achievements accomplished under circumstances and conditions that made such feats appear impossible. One of the flying heroes of the present war whose name is known throughout the width and breadth of the land is that of Maj. Jack Adams of Oklahoma.

I am delighted to say that I have known this gallant young officer since he was a small boy. His devoted mother is a very charming and gracious lady who now resides at Walters, Okla., where, incidentally, I also resided as a boy. I had the pleasure of visiting his mother recently at her home and it is needless to add that she is justly proud of her famous flying son who is one of America's outstanding war heroes.

Under the leave granted me, I am including as a part of my remarks an Associated Press dispatch with reference to a review held at the Fitzsimons General Hospital in Denver last week in honor of Major Adams, at which time Gen. John Curry pinned the Distinguished Service Cross and also the Distinguished Flying Cross on this modest young man. The news dispatch in question follows:

MAJ. JACK ADAMS NOW WEARS BOTH D. F. C. AND D. S. C.

DENVER, October 28.—Credited with destroying an enemy transport in early stages of the Pacific war, and with subsequent bravery in the evacuation of American officers from the Philippines, Maj. Jack Adams, 26, wears the Distinguished Service Cross and the Distinguished Flying Cross.

Both medals were pinned on the Temple, Okla., hero yesterday by Maj. Gen. John F. Curry, commanding the Army Air Force Western Technical Command, at a Fitzsimons General Hospital battalion review. (Major Adams is a graduate of Cameron College, Lawton.)

Lt. Gen. George H. Brett awarded Major Adams the D. F. C. in April 1942 and 5 months later Gen. Douglas MacArthur cited him for the D. S. C., the Army's second highest decoration. Formal presentation was delayed until the review before General Curry and Brig. Gen. Omar H. Quade, commanding the hospital where Major Adams has been recuperating from the effects of tropical heat, undernourishment, and overwork.

On December 14, 1941, the D. S. C. citation reads: "Major Adams' plane became separated from a formation off Mindanao, but he con-

tinued to the target area and bombed and destroyed a large transport."

He was credited with shooting down three enemy fighters, then skillfully landing his plane in a rice field after enemy machine-gun fire disabled two engines of the craft.

He subsequently destroyed the plane, which was beyond repair, hospitalized a seriously wounded crewman, and led the remaining members of the crew " * * * to rejoin his units 300 miles away," the citation said.

The citation for the D. F. C. said that Major Adams, then a captain, was one of the pilots who flew from Australia in March 1942 with emergency supplies for American forces in the Philippines. With "great courage and superb flying," they returned to Australia with the last remaining members of General MacArthur's staff, and with valuable records.

Mr. Speaker, I ask unanimous consent to include in my remarks the Associated Press dispatch referred to.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to have inserted in the Appendix of the RECORD the address of Mr. Charles E. Wilson, Vice Chairman of the War Production Board at the F. B. I. National Police Academy exercises at Washington, D. C., on October 23, 1943.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WALTER. Mr. Speaker, I ask unanimous consent to have inserted in the Appendix of the RECORD an article by Perry T. Kistler, of Bangor, Pa.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ARMED SERVICES' HONOR DAY

Mr. TOLAN. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 177.

The Clerk read the title of the resolution.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

Mr. MICHENER. Mr. Speaker, reserving the right to object, will the gentleman state the purpose and the necessity and the advisability of bringing the bill up at this time in this way?

Mr. TOLAN. Mr. Speaker, a reading of the bill will explain better than I can. I ask unanimous consent that the bill may be read at this time in its entirety.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. TOLAN]?

There was no objection.

The Clerk read as follows:

Resolved, etc., That the 7th day of December 1943 be, and it is hereby, designated as Armed Services' Honor Day and that the President of the United States is hereby requested to issue a proclamation commending the observance of that day in honor of all men and women who have served or are now serving in any and all branches of the military and naval armed services of the United States of America, and in prayer expressing our gratitude to Almighty God for His bless-

ings thus far and imploring His continued favor, protecting care, and aid in their behalf and of the United Nations, the complete victory of their arms, the restoration to health and strength of the wounded and ill, and a righteous, lasting peace.

That the Governor of every State is hereby requested to invoke the cordial cooperation of the people of the State he serves, and that the counties and municipalities are hereby urged to make plans and hold appropriate ceremonies for proper observance of the occasion in every community.

That the proper authorities are hereby requested to authorize such component parts of the military or naval forces to participate in ceremonies attending the observance of Armed Services' Honor Day, in such manner and to such extent, as, in their discretion, may be consistent with the exigencies of the moment.

That fitting messages be transmitted through approved channels to all those in whose honor the day is dedicated.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

Mr. MICHENER. Mr. Speaker reserving the right to object, this is one of those bills that one dislikes to question; it is one of those bills that has the patriotic touch and fervor that appeals to all of us; but it is also one of those bills that establishes another patriotic day in the vicinity of Armistice Day. I do not want to object, and I shall not object. I understand that the gentleman from California has consulted with the minority leader and he agreed that the bill might come up at this time.

Mr. TOLAN. That is correct.

Mr. MICHENER. Therefore, I withdraw my objection.

Mr. McCORMACK. Mr. Speaker, reserving the right to object, I understand that the last two paragraphs of the joint resolution are to be stricken out.

Mr. MICHENER. Those are the words where the President is authorized to write a letter to everybody in the military services all over the world to tell them what the purpose of this legislation is?

Mr. McCORMACK. Yes.

Mr. MICHENER. That is stricken out of the bill?

Mr. McCORMACK. Yes.

Mr. PATMAN. Mr. Speaker, reserving the right to object, if the resolution is passed, will this be a national holiday?

Mr. TOLAN. It is just for 1 year.

Mr. McCORMACK. It is not a national holiday.

Mr. DEWEY. Mr. Speaker, reserving the right to object, the gentleman has chosen Tuesday, December 7, and in the resolution it is contemplated that we shall pray for our men in the armed services, as well as the women, and give thanks to the victories that have come to us therefrom. Why not take the usual day of prayer, Sunday or Thanksgiving, rather than stopping the work of providing our men who are in the armed services with production from the factories?

Mr. TOLAN. There is something to what the gentleman says, but we discussed that in the Committee on the Judiciary and that committee has reported this bill unanimously. The 7th

of December is a day that is very memorable with us.

Mr. DEWEY. Of course, it is the anniversary of Pearl Harbor; we all realize that.

Mr. McCORMACK. This is not a holiday and there is no time lost, of course. This does not provide for December 7 of this year being set aside as a holiday. It is simply a proclamation.

Mr. DEWEY. Purely a proclamation, and there will be no cessation in the war effort?

Mr. McCORMACK. The gentleman is correct.

Mr. CASE. Mr. Speaker, reserving the right to object, may I ask the gentleman from California if December 7 is declared to be a holiday for 1 year, will it mean double-time pay?

Mr. TOLAN. This does not provide for a holiday. It does not make this a holiday.

Mr. McCORMACK. I think it should be clearly understood that this resolution does not provide for a holiday, but only for a proclamation to be issued designating December 7 as the Armed Services' Honor Day, and provides for the necessary proclamation in connection therewith.

Mr. CASE. This involves no additional expense to the Treasury of the United States?

Mr. McCORMACK. No.

Mr. HOFFMAN. Mr. Speaker, reserving the right to object, may I ask the gentleman if he does not understand that most of our people are praying at least once a day right now? Why put this on a weekday, when you can just as well have it on Sunday?

Mr. TOLAN. It was the unanimous feeling of the Committee on the Judiciary.

Mr. HOFFMAN. With all due respect to that committee, they will use this as another excuse to quit work. We have just heard testimony before a House committee that one of these big factories is only working a third of the time, while at the same time they are drawing pay for overtime and double time, pay-and-a-half and double time. Now, you come along with this. No one wants to object because it is a sort of a patriotic gesture, yet they will be using it as an excuse to quit work all over the country.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. CHURCH. Mr. Speaker, reserving the right to object—

The SPEAKER. The Chair is going to call for the regular order very soon.

Mr. CHURCH. Mr. Speaker, what would they lose if they waited until tomorrow, one more day, if this went over one more day?

Mr. TOLAN. This bill has been passed by the Senate and we want to get it back there. We have to pass it, and it takes time to get back to the Senate. It is only about 30 days off.

Mr. CHURCH. You would lose nothing if you let it go over until tomorrow?

Mr. TOLAN. Yes.

Mr. CHURCH. With that understanding, Mr. Speaker, I do object. Let us wait until tomorrow.

Mr. McCORMACK. Rather than place the gentleman in the position of objecting, since I am sure he is not opposed to it—certainly, I think it is a very good thing—may I suggest to the gentleman from California that he withdraw his request, with the understanding that it will be submitted tomorrow?

Mr. TOLAN. I have no objection to that.

The SPEAKER. The gentleman withdraws his request.

EXTENSION OF REMARKS

Mr. GORDON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a protest against the threatened extermination of Polish children, adopted by the executive board and directorate of the Polish Roman Catholic Union of America, a leading fraternal organization in this country.

The SPEAKER pro tempore (Mr. SHEPPARD). Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. CELLER. Mr. Speaker, I ask unanimous consent that on tomorrow, following any special orders heretofore entered, I may be permitted to address the House for 15 minutes, and that on Wednesday next I may be permitted to address the House for 1 hour.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. COFFEE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a statement issued by the Central Labor Council of my home city of Tacoma.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. COFFEE. Mr. Speaker, I ask unanimous consent that tomorrow, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 15 minutes, and that on Thursday next, following any special orders heretofore entered, I may be permitted to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

EXTENSION OF REMARKS

Mr. DILWEG. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Wisconsin [Mr. WASIELEWSKI] may be permitted to extend his own remarks in the Record and include therein a resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SULLIVAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein an editorial from the Evening Star of Washington, D. C.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nevada?

There was no objection.

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a letter written by myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein an article by former State Senator Frank J. Sell, of Minnesota, entitled "When This War Is Over, What Then?"

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, in order that we may clarify the situation as to requests for special orders for Wednesday next, I ask unanimous consent that when the House adjourns tomorrow it adjourn to meet on Thursday next.

Mr. MUNDT. Reserving the right to object, Mr. Speaker, in view of the fact there are some Members of the House on this side of the aisle who have some important matters they want to discuss on Wednesday, I shall have to object.

Mr. McCORMACK. The gentleman desires to discuss something on Wednesday?

Mr. MUNDT. Not I personally, no.

Mr. McCORMACK. The only reason I submitted this unanimous consent request was that if permission were granted that the House adjourn from Tuesday to Thursday, Members would have knowledge as to the days as to which they could submit requests for special orders.

Mr. MUNDT. As far as I personally am concerned, I have no speeches to make on Wednesday or Friday, but I happen to know of some important business to be discussed on the floor of the House this week. Consequently, I do not believe we should recess beyond a single holiday during the week.

Mr. McCORMACK. We shall have to meet on Thursday anyway.

Mr. MUNDT. Then let us meet every day.

The SPEAKER pro tempore. Does the gentleman object?

Mr. McCORMACK. I shall not put the gentleman in the position of objecting. I submitted my request merely to find out just what the feeling was on the part of the Members. I withdraw my request, Mr. Speaker.

PERMISSION TO ADDRESS THE HOUSE

Mr. CURTIS. Mr. Speaker, I ask unanimous consent that on Friday next, following any special orders heretofore entered, I may be permitted to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

JAPANESE ON THE PACIFIC COAST

Mr. ROLPH. Mr. Speaker, I ask unanimous consent to address the House 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROLPH. Mr. Speaker, the Japanese demonstration at Tule Lake reveals once again how deep-seated is the problem facing the United States. Repeatedly Congressmen from the far West have been calling attention to this serious issue. I have stated over and over that the overwhelming sentiment in California is, "Now that the Japanese are evacuated from our State, we want them kept out." This latest outrageous Japanese activity is further evidence the question affects not only the Pacific coast; every man, woman, and child in the Republic is involved. Representative HENRY M. JACKSON, of Everett, Wash., now loyally serving with the armed forces, introduced House Resolution 132, asking for a special committee to study and find out the best solution of the whole affair. The Jackson resolution is pending before the Rules Committee. What are we waiting for? The special committee should be at work now. It is of paramount importance. I urge every Member of the House to give earnest consideration to this legislation.

EXTENSION OF REMARKS

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial appearing in the Indianapolis News of November 4, 1943.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that on tomorrow, following any special orders heretofore entered, I may be permitted to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JENKINS. Mr. Speaker, I ask unanimous consent that on Wednesday next my colleague the gentleman from West Virginia [Mr. SCHIFFLER] be permitted to address the House for 15 minutes, following any special orders heretofore entered; and if the House is not in session on Wednesday, that he be permitted to address the House on Thursday for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent that on tomorrow, following any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. GEARHART. Mr. Speaker, I ask unanimous consent that on Friday next, after the legislative business and any other special orders I be permitted to address the House for 20 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. JENSEN. Mr. Speaker, I ask unanimous consent that tomorrow, after all other business on the calendar has been disposed of and any other special orders, I be permitted to speak for 30 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include a very, very short editorial on a very touchy subject Milk Subsidies.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. ROWE] may extend his own remarks and include an editorial.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MICHENER. Also, Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. SHAFER] may extend his own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. MICHENER. Mr. Speaker, I also ask unanimous consent that the gentleman from Connecticut [Mr. MILLER] tomorrow, after other special orders may address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the gentleman from Vermont [Mr. PLUMLEY] may extend his remarks and include certain recommendations of the New England commissioners of agriculture.

The SPEAKER pro tempore. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. RIZLEY. Mr. Speaker, I ask unanimous consent that on Friday next, after all other special orders are disposed of, I be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection? There was no objection.

THE LEGISLATIVE PROGRAM

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER pro tempore. Is there objection?

There was no objection.

DRIVE-FOR-ACTION COMMITTEE GETS ACTION

Mr. MUNDT. Mr. Speaker, at the conclusion of the session on Friday the majority leader, responding to an inquiry from the Republican side about the legislative program, said:

There is no program for next week. From then on, however, there will be a very heavy program.

Mr. Speaker, as announced last week, a number of us have banded together in the drive-for-action committee in an effort to end the repetition of those melancholy, defeatist words, "There is no legislative program for next week," which we have heard with such monotonous and disturbing regularity since Congress reconvened on September 14. We rejoice, therefore, in the majority leader's prediction that "from now on there will be a very heavy program." Our committee will do its best to help make this prophecy a reality.

However, Mr. Speaker, the country and the Congress can no longer thrive on hope alone. Therefore, this week, starting today, the drive-for-action committee will endeavor to present to this House a program for action. We start with discussions under special orders this afternoon—we shall continue our activities tomorrow, and on Wednesday and Friday, so it is only fair that the membership be notified that there will be activity on the floor during the week.

It is hoped many Members besides those on the drive-for-action committee will participate in the general debate scheduled for this week on the problems now vexing and plaguing America. We also urge that Members sign petitions Nos. 13 and 14 on the Speaker's desk and join us in other steps designed to supplement floor debate by floor action in support of the war effort both at home and abroad.

EXTENSION OF REMARKS

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix.

The SPEAKER pro tempore. Is there objection?

There was no objection.

MILITARY MEN IN POLITICS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and revise and extend my remarks.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, it is with some hesitancy and embarrassment that I suggest to the country that the growing tendency to involve prominent military men now engaged in fighting the war in the discussion of politics is not a good thing for the country. It does not help to win the war. It is not fair to these able military leaders concentrating their efforts upon the one great objective. I hope that each party, all parties, everybody, will declare a sort of truce in that regard until this war shall have been won. At least I submit these observations for whatever they may be worth. I hope they will be seriously considered.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that on Wednesday and Friday of this week, after other special orders have been disposed of, I be permitted to address the House for 20 minutes each day.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MURRAY of Wisconsin. Mr. Speaker, on Tuesday and Wednesday of this week, after all previous orders have been disposed of, I ask unanimous consent to proceed for 10 minutes each day.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. O'HARA. Mr. Speaker, I ask unanimous consent that tomorrow, Tuesday, after other special orders have been disposed of I be permitted to speak for 30 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. TALBOT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article prepared by my colleague from Connecticut [Mrs. LUCE].

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BUFFETT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and insert an editorial from the Omaha World Herald.

The SPEAKER pro tempore. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. BUFFETT. Mr. Speaker, on Friday next after other special orders have been disposed of, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

EXTENSION OF REMARKS

(By unanimous consent, Mr. MRUK was granted permission to extend his own remarks in the RECORD.)

Mr. CASE. Mr. Speaker, I have two requests. First that I may extend my remarks and include therein an address by Col. Miles Reber, division engineer for

the Missouri River Division, delivered at the National Reclamation Association convention in Denver.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CASE. I also ask unanimous consent that I may extend my remarks and include an address by S. O. Harper, Chief of Engineers of the Bureau of Reclamation, delivered on the same occasion.

The SPEAKER pro tempore. Is there objection?

There was no objection.

SUBSIDIES FOR OIL

Mr. VURSELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there any objection?

There was no objection.

Mr. VURSELL. Mr. Speaker, on October 29 Economic Stabilization Director Fred M. Vinson denied the proposed 35-cents-per-barrel increase in the price of crude oil, which increase had previously been recommended in April 1943 by the Petroleum Administrator, Mr. Ickes. This increase during the interim, as the Members of the Congress well know, was also denied by Mr. Prentiss Brown, the recent Director of O. P. A.

Practically all of the independent oil companies of the Nation, and many of the best-informed oilmen connected with some of the major oil companies, have consistently appealed for the past year for a raise in the price of crude oil, and in every instance have shown, by correct analysis and figures, that the decline in the drilling of new wells, with a consequent decline in oil reserves, was and is due primarily to the policy of the Government, expressed through the O. P. A. first and later through Director Vinson, to maintain the price set on crude oil in 1941 at a figure so low that it stands today with relation to the general price index of commodities at 60 percent of parity.

The Administration has taken the position that, even though the price of labor has gone up and the use of new labor and scarcity of equipment causing much delay has contributed to production costs to the point today where the best authorities insist that it costs 50 cents per barrel more to produce a barrel of oil than it did when the price was frozen back in 1941, this great and vital industry must be compelled to continue production at a price estimated at about 60 percent of what it should be.

The Administration, through Director Vinson, has rejected every argument of the oilmen of the Nation, most of whom have spent their lifetime in developing this great industry, practically all of whom are against the use of subsidies paid by the Government as incentive to oil production. I have been informed that the Petroleum Administrator for War, who, for years, has worked with and had charge of the governmental direction of oil, does not believe that the use of subsidies is the right approach. His

efforts on two or three occasions to convince the Administration that the proper approach was through a raise in price is sound and I submit is the best evidence of his position.

Can it be that out of all of the wisdom of the past in building this great oil production up that, in view of the great record the oilmen of this Nation have made, from the small independent operator in the field up to those men who have been borrowed from the oil industry, who sit in the highest councils on oil problems in the Nation cooperating with the Petroleum Administrator for War—can it be that the wisdom and judgment of these men, gained in the practical and hard field of trial and error, must now be regarded as of little or no value?

By the hard hand of Government control and regimentation millions of barrels of oil per day are being taken from above ground, because it is being used faster than it can be brought out of the ground at 60 percent of its value; at 60 percent of replacement costs.

The oilman is now in the position of a retail merchant who would like to stay in business, but if the same rules are applied to him as are applied to the great oil industry, after he sold out his stock the shelves would be bare.

This is an unwise and unnecessary move away from the philosophy of free enterprise, and I submit that such a policy is unfair to one of the greatest industries of this Nation; that it is an unwise and dangerous policy which may weaken our war effort. It is a policy that has so slowed down production that it has helped to bring gas rationing on us Nation-wide, which will likely stay with us for some time after the war is won, unless the little oilmen and the big oilmen of the Nation are allowed a price that will pay for production and, in addition, a small margin of profit.

Mr. Vinson has instructed the Secretary of the Interior, Petroleum Administrator for War Mr. Ickes, to work out and put into effect a subsidy policy. Such a policy is so unnecessary, so unwise, and so opposed by the great majority of the oilmen of the Nation that it is hardly worth while to reproduce some of the arguments against it. It is an extension of the policy of this administration of centralized control and regimentation. It well could terminate in the socialization of this great American industry. It will add to inflation by piling up the national debt, and it will waste the people's money through more bureaucratic administration.

It appears now that the next move that Congress can make is to secure enough signers to petition 14, which is on the Speaker's desk, to bring onto the floor of the House the bill introduced by the gentleman from Oklahoma, Congressman DISNEY, H. R. 2887, which is now in the hands of the Banking and Currency Committee.

This bill will settle the argument over price, for it will take price control over oil away from the O. P. A. and make it mandatory that the price of oil be fixed

according to the general index price of commodities. It will further place control of oil matters with the Petroleum Administrator for War, Secretary of the Interior Mr. Ickes.

The low price during the past year has caused to be abandoned thousands of small producing stripper wells. The stripper wells of the Nation produce 17 percent of our supply—when a well is abandoned the oil is lost to the Nation.

Let me quote a statement issued by Alex U. McCandless, president of the Illinois-Indiana Petroleum Association. Mr. McCandless is a fine businessman of Robinson, Ill., in my district. For 40 years he has followed the oil business as a producer. Here is a man who knows what he is talking about from practical experience in that local field. I quote:

OIL PRICE CEILING MAY FORCE STRIPPER WELL ABANDONMENT

"The refusal of Fred M. Vinson, director of the Office of Economic Stabilization, to approve the increase in the price of crude oil as recommended by Petroleum Administrator for War Harold L. Ickes, and other Congressional committee chairmen will result in the abandonment of hundreds of stripper wells in the counties of Clark, Crawford, and Lawrence in Illinois, and Sullivan and Gibson in Indiana, according to Alex U. McCandless, president of the Illinois-Indiana Petroleum Association.

"Operators in these counties have been operating wells for the past several years at a financial loss, hoping that a reasonable advance in the price of crude oil would justify their continued operation.

"The refusal to allow a price increase will hasten the abandonment of these wells and sizable reserves of crude oil will be lost to the country at a time when our oil production is insufficient to supply the need of the military forces and the general public.

"In addition to the monetary loss to the community as a whole, the individual farm owners will be deprived of an income which they have been receiving for the past 20 or 30 years.

"Crude oil prices have been frozen at 60 percent parity, while the average price of all other raw materials is well above 100 percent.

"The margin of profit in producing oil is so small that the incentive for wildcatting is materially curtailed and without the opening of new pools the public can only look forward to further curtailment of its gasoline needs as the requirements of the military forces augment," Mr. McCandless said.

Now, I want to quote from H. P. Nichols, executive vice president of East Texas Oil Association, independent producers. I quote:

The war has to be won with oil, not hot air from Washington. A collapse of civilian and industrial economy is in the offing. Come Christmas or Easter, the oil supply may drop so low the holders of A cards may be grounded for the duration—A cards may be suspended entirely.

Now, let me quote from D. Harold Byrd, Dallas oilman and wing commander of the Texas Civil Air Patrol:

We are not asking for any favors—just fair treatment. We only want oil to sell on a parity with all other commodities. We are not asking for the same increase in price that labor has received. All we want is parity. Coca Cola sells for 5 cents a glass—oil for 3 cents a gallon. What is wrong with our Washington minds?

Now, I quote from the Beaumont Enterprise, Beaumont, Tex.:

STILL BEATING ABOUT THE BUSH

In rejecting a proposed increase of 35 cents a barrel for crude oil, * * * the Director of Economic Stabilization, Fred M. Vinson, uses an argument that has grown familiar through frequent repetition. * * *

Also, other practical measures can be used to increase petroleum production.

What are those measures? The stock device of offering a financial incentive to bring about the drilling of more wildcat wells and development of new oil fields. Where does the money to offer this financial incentive come from? From the Federal Treasury, of course. The American taxpayers provide the money the Government takes out of the Federal Treasury to pay subsidies and roll-backs, which are the same thing.

By this method of "now you see it and now you don't" the Government tries to make the American people believe it is preventing price increases to the consumer. But the pennies it ostensibly saves the individual in this way are taken away in nickels and dimes to pay the subsidies. In the end the taxpayer pays the subsidies so he is no better off than he was before.

It has been estimated that the proposed increase in the price of a barrel of crude oil will add about half a cent a gallon to the cost of gasoline to the consumer. He probably will pay considerably more than half a cent in the form of subsidy taxes. Just as in the case of food subsidies, an apparent saving is no saving at all. The Administration merely saves face and keeps up the pretext that it is holding the line against inflation, but the taxpayer, as usual, foots the bill. * * *

If, however, none of the compromise measures favored by the economic stabilizer produces the desired results, what will be the next step? Socialization of the oil industry?

If the Government would, just one time, make a direct approach to an economic problem, instead of an oblique approach, the American people might have more confidence in the Government's willingness or ability to deal with inflation realistically.

Hundreds of the ablest oilmen in the Nation have supported a price raise as against a subsidy. Are they all wrong? These men have made a life's study of oil production.

Shall we scrap the wisdom of their experience of the past, gained by trial and error, and erect on its ruins a bureaucratic structure for the encouragement for the production of oil by subsidies?

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. VURSELL. I yield.

Mr. CHURCH. I would like to ask the gentleman if it was not his intention to make a request that the so-called Disney petition at the desk be signed, along the line he suggested.

Mr. VURSELL. I thank the gentleman. It is to be hoped by those of us interested in this matter that as many of the Members as possible, sign petition No. 14. That would bring out the Disney bill from the Committee on Banking and Currency.

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

EXTENSION OF REMARKS

Mr. LANDIS. Mr. Speaker, I ask unanimous consent that my colleague, the gentleman from Michigan [Mr.

CRAWFORD] be permitted to extend his remarks in the Record.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SCHWABE. Mr. Speaker, I ask unanimous consent to include in the Appendix an editorial entitled "The Administration's Wartime Troubles," appearing in the Columbia Daily Tribune, of Columbia, Mo.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my remarks on two subjects and to include certain excerpts in each instance.

The SPEAKER pro tempore. Is there objection?

There was no objection.

GRATUITY PAYMENTS TO MOTHERS AND FATHERS OF DECEASED SOLDIERS AND SAILORS

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, under present law, if a man in the fighting forces of America is killed in fighting for his country, his wife or children automatically receive a 6 months' gratuity payment from the branch of the service in which he was serving; but if he has no wife or children, his mother does not receive such a payment unless she has been specifically designated as beneficiary by the soldier or sailor. At the present time there is a bill on its way through the Congress bearing on this general field of legislation. I am informed that that bill is going to be so amended by the time it gets through conference as to provide retroactively that, where there is no wife or children and where no payment has heretofore been made to them, mothers or fathers of men killed in service shall receive these 6 months' gratuity payments even if they have not been specifically designated as beneficiaries by the soldier, sailor, or marine.

This is the way it should have been from the first, I believe, and I want to pay my tribute here and now to a Member of the House today who has worked tirelessly for this just, necessary, and proper reform, and to whom a great deal of the credit for getting this provision into the law is due. I refer to our colleague the gentleman from Alabama [Mr. SPARKMAN].

The SPEAKER pro tempore. The time of the gentleman has expired.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and include therein two editorials.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. PRIEST. Mr. Speaker, I ask unanimous consent to extend my own

remarks in the RECORD in two instances: In one to include an editorial from American Aviation and in the other to include a brief resolution passed by the American Trucking Association.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. COFFEE. Mr. Speaker, I had a special order granted to me today to speak on Thursday next. I now ask unanimous consent that the time be changed to this afternoon to follow the special orders heretofore entered; that I may address the House for 15 minutes this afternoon.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The SPEAKER pro tempore (Mr. SHEPPARD). The Chair recognizes the gentleman from California [Mr. PHILLIPS] for 20 minutes.

Mr. PHILLIPS. Mr. Speaker, I am honored by having the gentleman from California in the chair. I ask unanimous consent that on Monday next after the disposition of the legislative business of the day and other special orders I may address the House for 30 minutes again on the question of subsidies.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

SUBSIDIES

Mr. PHILLIPS. Mr. Speaker, the only possible connection between what I am going to say this afternoon on the subject of subsidies and the very eloquent and well-deserved encomiums expressed on this floor in behalf of the distinguished and respected gentleman from North Carolina [Mr. DOUGHTON] would be for me to express the wish that the gentleman from North Carolina may live long enough to see such a subsidy program successful, because by that I wish him everlasting life.

When I first spoke on this subject I quoted from a number of people who had reviewed the attempts in earlier years to impose similar subsidy programs on the peoples of the various eras in which they lived. My attention was afterward called to the fact that I had omitted a very well known example. This was the attempt of Caius Gracchus to impose subsidies on the people of Rome by exactly the same method which is now being proposed by the bright young men of O. P. A. as an entirely new idea. The O. P. A. economists call it the buy-and-sell method. Caius Gracchus had no name of that kind; he simply bought the grain and gave it or sold it at less than cost to the people of Rome. I would like to quote on that subject from a book which is familiar to all Members of Congress of my college age or older and probably completely unknown to the present generation. First I quote:

Corn should be sold at a rate artificially cheap to the poor free citizens.

And then I quote again:

It was the deadliest blow which had yet been dealt to the constitution.

And then I quote again:

Caius Gracchus, however, had his way and carried all before him. He was elected tribune a second time. He might have had a third term if he had been content to be a mere demagog.

That is the end of the quotation. It is from Froude's Caesar, on page 25.

Mr. Speaker, I have been a little disappointed that the other gentlemen who are speaking on the floor in favor of subsidies have not given us very much in the way of figures to support what they have to say. The opposition, or at least the gentleman from Texas, who follows me each time—and again today will follow me—seems to feel that if we are not in favor of the present subsidy program, the subsidy program as presently offered, we must of necessity be isolationists, or be in favor of Hirohito, or something like that, the connection being not at all clear to me. The opposition is constantly represented as being "in favor of inflation."

If the gentleman from Texas keeps repeating these things in an attempt to persuade himself of their accuracy, I have nothing to say; that is entirely between the gentleman from Texas and his own soul. If the gentleman from Texas is attempting to persuade the Congress of the accuracy of these statements, I should like to call his attention to the fact that this technique and this philosophy of propaganda is too well known to be used successfully in the Congress; in fact, the master propagandist of this generation announced it in his book—and I quote:

Any effective propaganda must be confined to a very few words and must use these as slogans until the very last man cannot help knowing what is meant. Propaganda must limit itself to saying very little. This little it must keep forever repeating.

Mr. Speaker, I said last time that I would like today, in the 20 minutes I have asked for, to state what it is those of us who fear inflation would like to substitute for the present application of subsidies.

I emphasize application; I have heard nobody say that we do not like subsidies; what I say, and what I have heard the members of the Republican Food Study Committee, or members of the Committee on Agriculture say is that they do not like the present application of the subsidy program. I think, therefore, I should set down four things which are in the minds of those of us who do not like the present program. These four things which we would like to see emphasized or changed—

Mr. WRIGHT. Mr. Speaker, will the gentleman yield at that point?

Mr. PHILLIPS. Yes; I yield briefly to the gentleman from Pennsylvania, but I have little time and I ask the gentleman to be brief.

Mr. WRIGHT. Yes; I do not like to interrupt the gentleman's train of thought but I believe the gentleman has declared the contention that there have never been any successful subsidy programs. There have been plenty of successful subsidy programs.

Mr. PHILLIPS. As presently applied?

Mr. WRIGHT. Does not the gentleman believe that the British and Cana-

dian subsidy programs have been reasonably successful?

Mr. PHILLIPS. I thank the gentleman because that is exactly my contention. My contention is that the British program has been successful. The difference between that program and our program is the point I now make as point No. 1. In the American program of the last war, and in the British program of this war, the basic emphasis was laid on the matter of production. In other words, this Government's program in the last war—under a Democratic administration, so there is no political point involved—and the English program, and the Canadian program, all went directly to the farmer. Each one said, "Produce, and we will guarantee to you the cost of production." I read you the British figures on October 27 showing how the acreage increased.

Mr. WRIGHT. But the price was kept down to the consumer?

Mr. PHILLIPS. The price was kept down to the consumer for a different reason. The English system has no group of slide-rule boys, as we have in O. P. A., who have come out of the middlemen's offices and are not, therefore, particularly interested or particularly, shall I say, experienced in the matter of the producer's problems. Also under the English system the consumer is protected by knowing exactly where to buy, and can get what he or she is supposed to have. You are told to go to a specific store, and you will know that the thing you expect to buy is there for you, in foodstuffs.

Mr. WRIGHT. At a price less than the cost of production, however.

Mr. PHILLIPS. Not always, no sir. I do not think so.

Mr. WRIGHT. In many cases?

Mr. PHILLIPS. No, sir; not entirely. In some cases in Canada. In England only in cases where there is special difficulty in obtaining things. England is an importing nation. The United States is a producing Nation. I thank the gentleman.

Mr. O'HARA. Will the gentleman yield?

Mr. PHILLIPS. I yield to the gentleman from Minnesota.

Mr. O'HARA. I have heard it said, I do not know how accurate it is, that also under the British system our lend-lease has been of great benefit to them in regard to the working out of the system.

Mr. PHILLIPS. Yes. I thank the gentleman. I think that is so. I am going to ask that I be not interrupted until I make the four points.

The first is production. I have already developed that. We must emphasize production. We must take the uncertainty and confusion out of the minds of the farmers of the United States.

My second point is that the greatest difficulty in the present program, in the present application of the program, is an intangible difficulty. It is raising in the minds of the farmers of the United States an uncertainty as to just what is ahead of them or what they can do. Having asked the farmer to produce, he should obviously be assured of the cost of production. That has been done, as I

said to the gentleman from Pennsylvania, in the present English system, and also under the system used by the United States in the last war. This time it is not being done in the United States. The farmer has been annoyed, arraigned, badgered, bothered, directed, disturbed, embarrassed, encumbered, fettered, governed, guided, hampered, harassed, hurried, hindered, impeded, molested, ordered, perplexed, pestered, plagued, regulated, restrained, shackled, troubled, vexed, and just plain worried, by means of an alphabetical soup of bureaus, many of them more interested in the possibilities of social reform according to their likes than they are in production.

So we should restore confidence to the people of the United States, and the first way to do this is obviously to remove the duplications, and the overlapping functions in connection with food.

Mr. Speaker, this means the immediate passage by the Congress of H. R. 2837, which is the bill of the chairman of the House Committee on Agriculture [Mr. FULMER] providing for central responsibility for the production and the distribution of food. I can assure you that no single act of this Congress would do more to recreate a feeling of confidence in the far areas of the United States than this simple act.

Now, having established a central authority, the next step would be the recreation of some semblance of efficiency. It would follow automatically. At the peak of the last war the administration of food required the employment of exactly 3,000 people, no more, no less; 1,417 of them were working in Washington, and 1,583 were working throughout the United States. The Administration did its own legal work; it issued its own regulations; it released its own publicity; it investigated, and it prosecuted where that was necessary.

At the same time, in World War No. 1, the Department of Agriculture had 25,239 employees. Mr. Speaker, I call your attention particularly to the fact, and the gentleman seated in the Chair will remember this, that in those days there were 7,984 voluntary workers, unpaid, in the counties of the United States. They were proud of their services. They were the ones who made the program successful. The keynotes were cooperation, confidence, and production.

Today the Department of Agriculture has 73,104 employees. The O. P. A. has 4,800 employees in Washington and 33,700 employees throughout the other parts of the United States. All of these are paid employees. I asked how many of the 38,500 employees of the O. P. A. worked on food-administration problems, and the reply of the O. P. A. official to whom I spoke was that he did not know but that he would be glad to send a questionnaire to each employee, asking each employee to set down the amount of time used each day on matters having to do with the administration of food, and then to compile for me the result. I do not need to ask you if you consider that typical of the present administration of food.

The Army and the Navy buy food, the lease-lend program buys food, and that

agency, by the way, did not exist in the last war, yet we delivered in a comparable period of time an equivalent amount of food to the nations who were then our allies. The lease-lend program has 678 employees, 536 of them in Washington, 17 of them from other departments, 8 in other cities, 103 abroad, and 13 of them \$1 a year men, who are usually the most expensive of all.

The Food Administration in World War No. 1 did its own legal work. Today if prosecution is necessary, the Department of Justice is asked to prosecute; yet there are 2,700 attorneys in the employ of the O. P. A. alone.

The Board of Economic Warfare, which now has a new alphabetical designation, had 3,257 employees.

Governor Lehman's world organization, familiarly known as U. N. R. A. R.—United Nations Relief and Rehabilitation—up to its transfer tomorrow night, when the agreement will be signed, has 156 employees. The agreement will be signed tomorrow night at the White House. On Thursday, representatives from 44 nations will go to Atlantic City and set up a new organization, and select the people who are to head the new organization, and choose its administrators and its clerical employees.

I call your attention to the fact that up to that time, which will include the complete setting up of the organization, with Governor Lehman unquestionably as its head, not once has the executive branch come to Congress and asked for approval, or told Congress officially about it, or asked for funds. I think it would have a very wholesome effect when the request for money does come to Congress, after the work is presumably all done, for Congress to say that we have known nothing about these agreements, which are in effect treaties, and that we naturally cannot vote any money for them until we know something about the agreements and about the proposed workings of the organization, and have had something to say in the matter.

I feel very strongly on that subject, because I am convinced in my own mind that not only are we setting up this organization, but we may be promising the food of the United States beyond the production possibilities of the United States. We are not merely counting the chickens before they are hatched, we are giving them away.

In the First World War, the Food Administration handled its own publicity. Today, when it is necessary to issue a 50,000-word directive to tell the butchers how to cut meat, the O. W. I. does the job. I have been told that a Chicago packing house gave these regulations to some of its expert cutters, who were unable to cut a steer to fit the O. P. A. rules. I take for granted you have to be a graduate of Harvard, an expert surgeon, and a meatcutter, in order to meet the requirements.

Mr. HALE. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield to the gentleman from Maine.

Mr. HALE. I do not believe being a graduate of Harvard would be of any assistance.

Mr. PHILLIPS. I thank the gentleman for his contribution. He speaks with authority. The O. W. I. has 4,336 employees. In World War No. 1, George Creel had an organization that did a pretty good job, everybody thought, and it had 565 employees. But in those days it was not necessary, as the gentlemen in Congress have heard, to send 100 men to India to tell the people how well and how differently the United States is governing itself.

It is important for all of us to remember, Mr. Speaker, that we are at war, and that we have adopted a policy toward builders of ships and planes in which penurious economy has never been a part. We have subsidized them. We have told the producers to produce. We have permitted them to do almost anything with the labor market. We have built them houses, and we have given them every priority. Why do we not place agriculture upon a basis of production, and emphasize production as we are doing in the other fields?

The time that the pinch will come, Mr. Speaker, is after the fighting is over. I say this sincerely and respectfully to the gentleman from Texas, because it was he who pointed out to me the other day that the war officially ended in 1921. That is a trouble we could all fall into. We look on a calendar, or into a book on economics. The war ended, in the minds of the people, with the end of the fighting war, which will be celebrated on Thursday of this week—Armistice Day. The rise in prices, as can be discovered if anybody cares to read the records of prices, began then, and a comparable place would be the end of hostilities in this war, when we might expect, under the present situation, which is the greatest invitation to inflation that we have ever had in this country, the beginning of the inflation which the gentleman from Texas fears, which the gentleman from Pennsylvania fears, which I fear, and which everybody in Congress fears.

At that time there will be an accumulation of \$40,000,000,000 of money unspendable. Agriculture will not have been able under the present subsidy system to increase its production. Farm implements will be worn out. Farm labor will have had the experience of being paid \$209 per month to learn how to do something, and \$270 per month 6 months later when the employee has learned how to do it. I quote from an advertisement for women employees from 18 to 35, appearing in a California paper.

The most damning thing that can be said about the present ineffective and ineffectual method of food administration, put into effect by the best classroom brains in America, is that it does not work.

There is nothing in the United States, as a result of recent years of academic marketing and producing theories, that could not have been obtained by a drought, a flood, or an earthquake. The same results would now be apparent, without the years of bureaucratic administration, the years of economic experimentation, and the years of trial and tribulation to the American farmers. We simply have less production than this

country is capable of, and we need maximum production, plus.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

EXTENSION OF REMARKS

Mr. LECOMPTE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, everyone has the deepest sympathy for the men fighting in the South Pacific, due to the type of fighting and the climate. I ask unanimous consent to extend my remarks in the RECORD on the matter of furloughs being granted to members of the Armed Forces serving in the South Pacific, and include a letter from the Secretary of the Navy and from the War Department regarding that policy.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. O'HARA. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article from a newspaper.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. KEFAUVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

THE HIGH COST OF LIVING

The SPEAKER pro tempore. Under special order of the House heretofore made, the Chair recognizes the gentleman from Texas [Mr. PATMAN] for 30 minutes.

OUR REPUBLICAN FRIENDS IN THE HOUSE ARE ADVOCATING A PROPOSAL THAT WILL GREATLY INCREASE THE HIGH COST OF LIVING AND PROMOTE INFLATION

Mr. PATMAN. Mr. Speaker, the question before the Congress and the country is whether or not we will promote and further increase the high cost of living. It is strictly a high-cost-of-living issue. If there were any other way that we could stop an increase in the cost of living, except by subsidies, I would like very much to know what it is, but since no one has been able to suggest any way or method except subsidies to keep down the high cost of living and prevent inflation, necessarily, being in favor of stopping inflation, I am in favor of subsidies until I am shown a better way and another way, so to speak, is pointed out to me. We are in a confused state in many of our domestic policies if we listen to everything that is said or written. It is not as confusing as many would have us believe it is, but after listening to people on the floor, Members of Congress, and after reading newspapers and listening to commentators over the radio, one would think our country is in a very bad condition. I wish that some of the people who are pointing out the faults and wrongs of the administration

of law in wartime, when war is waste, and haste makes waste, would at the same time compare the situation in Japan so that we would know how much improved we are, or how much worse off we would be if Japan were to win this war, and at the same time point out to us the situation that exists in Germany, so that we would know which would be the better of the two Governments.

MANY THINGS WRONG

The fact is, there are many things wrong with our country and our Government, but I am glad to say there are more things right about our country and right about our Government than are wrong. It is my belief that there are enough brains in this country to settle the most complex and difficult problems that will arise in America.

It is just a matter of approaching those problems in an understanding way, in an unselfish way, in a way that will be tolerant toward others, and work to the end of saving our country here at home as well as saving it on the 55 battle fronts of the world where our boys are fighting today. With hot-heads and confused minds, we are not going to solve this problem, but with cool heads, clear minds, and courageous hearts, all of these problems can be solved.

HIGH INCOME

The fact is that our income today in America is higher than it has ever been in our history. The national income this year will be approximately \$150,000,000,000. That means that we will have about \$90,000,000,000 worth of goods and services that will be available for the people to buy, who will collect that \$15,000,000,000, and after we spend the \$90,000,000,000 for goods and services, and then pay \$20,000,000,000 approximately in taxes, there will be about \$40,000,000,000 of excess purchasing power which might be called hot money that is just out looking for something to buy.

Take into consideration \$40,000,000,000 of excess money in connection with our limited and scarce supplies of goods and materials, and you will find that many people will try to buy the same thing, and they will bid the price up unless there is some way of preventing it. The plan to prevent this excess price is a price administration, and I know that many things have been done by the Price Administration that I do not agree with, and many things have been done that I did not think were necessary, but if we had not had a Price Administration our dollars today would not be worth 10 cents, and the middle class in our country would be entirely wiped out. Many people in approaching this problem seem to think that everyone has been receiving extra high wages during this war. True, many have, and possibly too much in many instances; but there is a large group, about one-third of the population of our country, that has not received any increase whatsoever, and every time you increase the cost of living on them it is just the same as reducing their old-age assistance, or their life-insurance check, or their retirement benefit check,

or their wages and salaries that have not been increased since this war commenced.

So this, in addition to being a high cost-of-living proposal that has been proposed here to stop subsidies, could very properly be called a bill to cut down all pension checks and reduce all wages and salaries, because, in effect, that is exactly what will be done.

NO DICTATORSHIP POSSIBLE IN UNITED STATES UNLESS PEOPLE VOTE FOR IT

In this country we have what I believe to be the finest and best government on earth. I do not see how you can devise a government that would be better than our American form of government. The people are the masters at all times. Oftentimes you hear people say, "We are liable to have a dictator in this country." That is just as impossible as it can be. It is not possible to have a dictator in the United States unless the people themselves vote for a dictator and want a dictator. Under our form of government this House of Representatives is always close to the people, because they are elected every 2 years by the people in their respective districts. In the United States Senate they are elected every 6 years, but in this body, 435 Members, one-half of the Congress of the United States, the people, the masters, pass upon their records every 2 years. Therefore, every 2 years the people, the masters of this country, can change their form of government entirely if they want to by electing a House of Representatives that will carry out their particular will or wishes at that particular time.

In order to further properly safeguard our Government against a dictator, those who framed the Constitution very wisely said that all monies must be appropriated by the Congress in order to be spent. Therefore, this body that is elected every 2 years must pass on all money that is spent.

In addition to that, in order to have money Congress must pass tax laws. What did the framers of our Constitution say about taxes? In order to protect the people, our masters, it is written into the Constitution that every tax bill must originate in the House of Representatives. It cannot even commence in the United States Senate. It has to originate here where the people have the power to change this body every 2 years.

Could you have a better system of government than that, one that is as far removed from a dictatorship as that? We will never have a dictatorship in this country unless the people themselves vote for one and desire a dictator of a particular kind. If they do they can get it, but as long as the people do not want it we will never have it under our Constitution.

ELECTIONS HERE MANDATORY

In England it is different. In England they have not had an election in 5 years. They can suspend elections over there, but we cannot do it here. We have to have an election every 2 years, and this body must be passed upon by the people in their districts every 2 years. In England possibly they will not have

an election until the war is over, or perhaps a long time after the war. But, every 2 years this body must be elected, because if the House of Representatives were not elected every 2 years there would be no Congress to function, and there would be no way of making people pay taxes. There would be no way of appropriating funds. There would be no way of spending public funds. Therefore, in order for money to be spent, for anyone successfully to have charge of this country, they must operate through and by this body of 435 Members who are elected every 2 years by our masters, the people.

Now oftentimes, especially in wartime, we must do a lot of things we do not like to do. Of course, it is an easy matter to be against all tax bills. Just to say "That is a tax and I am against that"; but, be for all appropriations. Just say, "I am for that." Be for all appropriation bills and against all tax bills. That is an easy popular way, but in wartime we have got to rise above things like that and we have got to save this country, especially when we have 9,000,000 young men in uniform who are offering to give their lives to save it. We should do our part to save it at home. There are two things we have got to do. One is that we must win the war. We are going to do that. We are all pleased with the progress that is being made by our fine, brave soldiers who are fighting this war for us, and the splendid leadership furnished by our Commander in Chief. There is a battle on the domestic front that we must win. That battle is against inflation. If we have ruinous, run-away inflation we have lost as much in money value as we would lose if we lost the entire war. So there is something that can be done right here in this Congress. If we fail to tax, fail to stop inflation, our country is ruined.

WHY PRICE CONTROL IS EASIER IN ENGLAND

The gentleman who preceded me mentioned the fact that in England price control seemed to be so easy. I will tell you why it is so easy. It is because they have had the courage to pay so much of the cost of this war as they go along. They are paying more than 50 percent of the cost of the war as they go along. We are paying less than one-third. They are siphoning off these hot dollars, this excess purchasing power, in the form of taxes, and there is not so much competition among the people for the scarce and limited supplies of goods over there as we have over here. That is the reason it is so much easier. If you will add up the amount of taxes that the average taxpayer will pay for the 2 years 1942 and 1943 in this country, I mean the income-tax payer, and then get the same information for England and Canada, you will find in either England or Canada the average income-tax payer as compared with this one, will pay 300 percent more for the 2 years. We are leaving them with money in their pockets and then expect to hold prices down and expect to pay for the cost of this war. It is not fair for two or three reasons: One of the best ways to stop inflation is by siphoning off this extra money. Another reason is that it is not fair to the ex-service-

men or the veterans of this war who will come back as ex-servicemen to have them win the war on the battle front and then come back here and have to pay two or three times the cost of the war. We ought to pay more of it as we go along, just like England and Canada. That will make our problem less difficult. Furthermore, for every dollar we borrow now we will have to pay two or three dollars eventually. When we borrow money on long-term bonds we really pay about \$2 in interest or \$3 in interest for every \$1 in principal. Every dollar that is paid now, therefore, is the equivalent of two, three, or four dollars that would have to be paid in the future. For several reasons we should pay every dollar we can now, and that is something that is hard to do. It takes a lot of courage and it takes sometimes a lot of beating to stand up against the opposition that you have when you advocate unpopular things like increased taxes and price control.

A BILL TO REDUCE WAGES AND PENSION PAYMENTS

With reference to this particular proposal that will increase the cost of living, the title should be changed to read: "A congressional act to force a higher cost of living," or: "A bill to lower the pensions and retirement benefits and insurance benefits and low wages, and salaries that are being drawn by the middle class of this country" because that is what it will do; it will actually reduce what each receives by increasing the cost of living. What will a Member's answer be if he votes to increase the cost of living when one of his aged constituents says: "You voted to increase my cost of living, why did you not vote to increase my pension at the same time? When will I get my increase to make up for it?"

This particular proposal is in the Commodity Credit Act. The Commodity Credit Act is the best vehicle for good that the farmers have ever had in this country; it has helped the farmer more than any other vehicle. We want therefore to continue the Commodity Credit Act, but in our committee, the Banking and Currency Committee, when this bill came up for an extension of the act recently our friends on the Republican side voted together, they voted solidly together, and three or four Members on our side, the Democratic side, voted with them and they were able to force an amendment that will compel an increase in the cost of living as I have suggested. That amendment is that after December 31 of this year there will be no more subsidies—food subsidies. The present milk subsidy will stop December 31 under this proposal. They do not like food subsidies; they do not like to pay someone else's grocery bill, they say. Now, that is a phrase that is very appealing. It is expressive. Oftentimes you can use a phrase, a slogan, that will carry so much weight and power that it will take an hour of logic and reason in order to combat it. That is an appealing phrase: "We do not want to pay anybody else's grocery bill." Standing alone it seems unanswerable; but that does not tell the entire story; so this section 3 was put into a bill which says there will be no more subsidies after December 31 except—except

there will be support prices and subsidies for domestic fats and oils and oilseeds. Now, if our friends think that subsidies are so bad and that they are wrong in principle, why make that big exception? That is a great big exception, that is a big camel's nose under the tent, a great big one—except all domestic fats and oils and oilseeds. I am in favor of excepting them; I am in favor of excepting all. If they are against subsidies why make a few exceptions, why not let it apply to everything? Some believe subsidies are working; some think subsidies are not working. Congress cannot say which ones will work and which ones will not work. There is only one person who can do that; that is the War Food Administrator. He can make a start. If he fails he can back up, he can change, he can use the trial-and-error method; but the Congress cannot do that. We must delegate that power to one person. He can act and act quickly; he can act hurriedly; he can act overnight, so to speak. Congress is too cumbersome in its movements to act so quickly and so satisfactorily. It must therefore be left up to the War Food Administrator.

Why do we have these subsidies? Why are they necessary? In the first place we want lots of food; we have got to have it. Food is just as important and just as necessary as bullets. In this war we need fuel, we need food, we need ammunition, and we need oil, we need petroleum. These are the principal things, and we have got to produce enough food. Now, how are we going to produce that food? The farmer says: "I want to know how much I am going to get. I want a support price. I want you to tell me how much I will get for this if I plant it." There is only one way to do that and that is through the use of subsidies. There is no other way to do it. If there is I wish someone would tell me. To say: "You will get a certain price" is not sufficient. If you say: "We think there will be a lot of money; we think there will be good times, good prices;" that is not sufficient. The farmer wants to know how much he is going to get for his products if he produces them on his farm. There is no other way to assure him except through subsidies. In many cases farmers will not have an opportunity to produce the things they normally produce. They are accustomed to growing certain crops and they grow them year in and year out. They know how to grow them. Many of the people in the administration and the Congress believe that they should change those crops over to other food crops. How are we going to get them to change? They will not change just by asking them. Of course, they are patriotic and they would like to do that. They will ask, "What will we get, what price will we get, if we change these crops over and grow these new crops we do not know anything about? We are not familiar with them. Will we get a fair price, cost of production plus a little profit?" If you cannot use subsidies you cannot tell them anything. You can only say, "You ought to be patriotic and grow those crops." There is only one way on earth to give them support and encouragement to grow those crops and change to

the necessary crops, and that is through subsidies. There is no other way.

There is only one way you can give this support price adequate and sufficient to the farmers as a guaranty and promise on the part of the Government, and that is through the use of subsidies. Let us assume for the sake of argument, we do not know anything about subsidies, let us just depend upon this patriotic appeal and see if we cannot get people to go out there and produce food, just on the risk and chance of getting a good price. Now, suppose we do not produce enough food? We can lose the war through lack of food just the same as we can through lack of bullets. As I heard Congressman Jones, now Judge Jones, back a little while ago say: "Suppose you are in a battle and you only have 90 percent enough bullets. You will lose that battle just the same as if you did not have any bullets at all."

If you go into this war and you run a chance and run a risk in the production of food and you produce only 90 percent enough food, you will lose the war just the same as if you did not produce any food at all. So, Mr. Speaker, let us not take any chances.

This year we are going to spend probably between seventy and one hundred billion dollars on our war machine, and I am for every penny of it and twice that much if it is needed. We have got to have it. Let us use it. Let us not be too close in the expenditure of money for food for the war. Do you not think it is running too much of a risk when we are spending some seventy to one hundred billion dollars a year on tanks, ships, guns, and ammunition, and are not willing to spend \$800,000,000, about 1 percent, to be assured and to be guaranteed that we will have enough food to go along with those bullets? That is exactly the point. It is to make sure, to guarantee ourselves that we will have enough food to go along with those bullets. It is too much of a risk to take to say, "Let us see what will happen." We know what might happen.

We cannot expect these farmers to grow these crops, especially new crops, unless we guarantee them some kind of a price. You cannot guarantee them that price without a subsidy. Therefore, we will be running this risk I have been telling you about. The farmers have a lot in the Commodity Credit Corporation. I do not have time to discuss it, my time is passing rapidly, and instead of that I will go on to the question of whether or not subsidies are wrong.

ARE SUBSIDIES WRONG?

Since when have subsidies been wrong? The First Congress was called to meet on March 4, 1789. A quorum did not assemble until some time in April and they did not get down to business much until June. The first general law that passed the First American Congress was a subsidy law, a tariff law, that has cost the people of this country up to \$4,000,000,000 a year. It has been on the statute books ever since in one form or another. Another of the first laws that was passed was a subsidy law subsidizing shipping, saying by law: "If you transport your goods into this country on ves-

sels owned by United States citizens you will get a 10-percent reduction in your tariff duty." There were two subsidy laws passed at the first session of the First Congress of the United States and they have remained in effect in one form or another ever since that time.

In addition to that there are the railroad subsidies. Some seventeen to eighteen million acres of land were given to the railroads of this country as a pure subsidy. No one denies that the inland waterways have been subsidized. Certainly they have. When has the word "subsidy" become so obnoxious, when did it become so bad? The merchant marine also has been subsidized, air mail has been subsidized, and there is one other that is of especial importance today.

NEWSPAPER SUBSIDY

Washington started it more than 150 years ago when newspapers and magazines were subsidized. Washington was exactly right. He in effect said, "Do not make them pay the full postage. Let us pay part of their postage. Give them a subsidy so we can disseminate knowledge more easily." I agree with what Washington said. The newspapers and magazines enjoy a subsidy that is equal to almost \$100,000,000 a year. Is the word "subsidy" so bad? If so, why do they not refuse to take it? It is true it serves a good purpose, and I am for it. It is passed on in the form of a lower subscription rate, which is a fine thing. Sometimes it is not all passed on but most of the time it is. It is a fine thing, but it is a subsidy in favor of the newspaper and magazine even if passed on to the subscribers.

A subsidy on food would be a subsidy in favor of the consumer of that food and would help the taxpayers, because they would save so much money by reason of it. Under the laws of this country, Mr. Speaker, a newspaper can have a thousand subscribers or a hundred thousand subscribers within a county where the newspaper is circulated, where it is distributed, and that newspaper does not pay one penny of postage, not one penny, on that circulation. The newspaper will just take the papers down to the post office, the civil-service employees will take them and circulate the papers in that county—a thousand, ten thousand, or a hundred thousand papers—and the newspaper not pay out one penny on earth. That is a pure subsidy. Then if some are transported out of the county, the rate is very low.

If we are against all subsidies, why not stop that? No; we should not do it because it is a good subsidy; it is in the interest of the people. I am telling you that this effort to make it appear that all subsidies are wrong is just applied to the farmers and the low-income groups alone. It is only when it comes to helping the farmer and the poor fellow who is getting \$30 a month pension that the word "subsidy" becomes such an obnoxious one. If a subsidy is so bad, why not stop it on copper, why not stop it on lead, zinc, and aluminum, and on the transportation of fuel oil, and on sugar, and dozens and hundreds of other things I could name?

The fact is that there is no deliberate intent to stop subsidies generally. The only subsidy they want to stop is one that will help the farmers and help the poor people in the lower-income brackets. Imagine all these people who are getting subsidies trying to tell the farmer that a subsidy is so obnoxious. Imagine the newspapers and the magazines that receive a benefit indirectly of \$100,000,000 a year, and the railroads and the inland waterways, and those who are beneficiaries of the tariff and of the subsidy on copper and lead and zinc and aluminum, telling the farmer, "Oh, subsidies are awfully bad; you should not take them; it is wrong; it is wrong to pay someone's grocery bill."

You do not hear anybody trying to change that subsidy on petroleum. You know when the submarines became quite active around in the Gulf of Mexico it was necessary to send petroleum by rail to the Northeast. The excess cost of transportation would have made the cost of it almost prohibitive to the people in New England. What did our Government do? It stepped in and paid the extra cost, as it should. It costs hundreds of millions of dollars a year, but it is a subsidy. Who wants to stop that? Nobody wants to stop it.

As to public housing, you must have good housing accommodations for the people around the defense plants. The Government had to step in and build the houses and charge a rent that will not pay for the housing.

The point is, it is so wrong, it is said, to pay a food subsidy when it will save the consumers of this country, the taxpayers, from \$5 to \$30 for every dollar that is paid; but it is all right to help pay the fuel bill of the people in New England—I am for that; it is all right to help pay the rents of people around defense plants—that is all right; and it is all right to pay all these other subsidies I am talking about; but for the farmer and the low-income group it is absolutely wrong.

I plead with you to study this question. I know whenever you do you will be for the only method, the only alternative, for keeping down the cost of living, and that is subsidies.

I am inserting herewith in parallel columns some interesting prophecies and what actually happened:

FOOD PROPHECIES AND FOOD FACTS—A COLLECTION OF PREDICTIONS RESPECTING AMERICAN FOOD MADE DURING THE PAST YEAR, WITH STATEMENTS OF WHAT ACTUALLY HAPPENED

PREDICTION	ACTUALITY
Louis Bromfield wrote in the New York Times for February 11, 1943, that "on the food production front we lost the year 1942, and now we have lost the year 1943."	Nineteen hundred and forty-two was the sixth consecutive year in which new all-time records for food production were established, with production 26 percent higher than the 5-year pre-war average. Farmers this year are making their seventh consecutive new all-time record, with production almost a third higher than the 5-year pre-war average.

PREDICTION

Herbert Hoover told the Midwest Governors' Conference at Des Moines, according to the New York Times of March 16, 1943, that a recent survey by county agricultural agents indicated decreases in planting of 11 to 20 percent.

Clarence Francis, president of General Foods, Inc., told the War Food Industries Committee, according to the New York Times of March 17, 1943, that action by all divisions of the food industry was imperative if the country was to be spared "the tragedy of near famine in wartime."

H. W. Vorhees, president of the New Jersey Farm Bureau Federation, was quoted by the New York Times of April 20, 1943, as saying that the consuming public would be "on a 70-percent food ration within 9 months."

Louis Bromfield, in Reader's Digest for August 1943, spoke of a coming wheat crop 20 to 40 percent below normal.

Donald Montgomery, U. A. W., wrote in the Survey Graphic for February 1943 that our food production had reached its wartime peak and would decline from then on.

Gov. Thomas E. Dewey, addressing the Council of State Governments on April 9, according to the New York Times, predicted a catastrophe on the food production front and attributed it to the Government's crop-restriction program.

Louis Bromfield stated in Reader's Digest for August 1943 that the volunteer farm laborers would be a green army who could accomplish little in aiding farmers.

The following statement was prepared in the office of the War Food Administration:

QUESTIONS AND ANSWERS ON AGRICULTURAL SUBSIDIES

1. Question. What is the purpose for which agricultural subsidies are advocated at present?

Answer. Agricultural subsidies are advocated for the purpose of providing returns to

ACTUALITY

Planted acreage in 1943 increased by 2.6 percent over 1942—an increase of 9,259,000 acres.

Food allocations to civilians are 5 percent greater than the food consumed on the average per capita in the 1935-39 period and, according to competent nutritionists, greater in nutritive value than in the 1935-39 period.

Civilian food allocations total 75 percent of our food supply, but this supply is now so large that civilian allocations are the equivalent of the average food supply in the 1935-39 period.

The 1943 wheat crop was 97,404,000 bushels larger than the 1932-41 10-year average.

New all-time food production records have been established by farmers every year since 1936, and 1944 food production goals will be higher than 1943 goals.

There is no crop-restriction program affecting any food crop. Tobacco acreage alone is controlled. Food production in 1943, nearly a third higher than pre-war, is at a new all-time high for the seventh year in succession.

In the last 3 years 3,100,000 farm people have taken other employment. In 1943 an estimated 2,700,000 placements of farm workers were made under the farm-labor program. Harvesting of the greatest food production in United States history is nearing completion.

farmers sufficient to secure adequate food production without substantial increases in prices which consumers must pay for food.

2. Question. Are increased returns to farmers necessary to secure adequate food production?

Answer. For some commodities present prices seem adequate to bring forth the desired production. For others, however, prices are not sufficient to cover added risks and costs of expanded production. In some cases the needed volume of production can be obtained only by extending production into new areas and by having farmers shift from the production of commodities with which they are familiar. In other cases prices received by farmers have not increased as much as their costs for supplies, equipment, and labor used in production.

3. Question. Are prices above parity necessary in order to obtain kind of agricultural production needed in the war effort?

Answer. Prices for some commodities need to be above parity in order to be in a desirable relation to prices for other commodities and in order to cover production costs adequately.

No price ceilings on farm commodities may be imposed which reflect less than 100 percent of parity. Price support programs must be at 85 to 90 percent of parity. This means, in effect, that few, if any, commodities will sell for less than parity, including the basic commodities.

But we need increased production of a large number of other products, particularly dry beans and peas, the oil crops, potatoes, vegetables, dairy products, and eggs. In order to get farmers to shift from commodities with which they are familiar and for which they can get parity prices to products with which they are less familiar and for which their facilities are less well adapted, it may be necessary to assure them prices, for the kind of products we need, substantially in excess of parity.

4. Question. Will subsidies increase production as much as a corresponding increase in farm prices?

Answer. All the evidence indicates that subsidies will increase production as much as corresponding increases in farm prices. Of the commodities for which increase in production was requested in 1943, soybeans, peanuts, and potatoes were the most heavily subsidized. Price supports were announced for all three of these commodities, which will involve losses (subsidies) through resales. In addition, a direct incentive payment on potatoes is being made.

Despite the large increase in production requested for these crops, production has approximated the goals. The potato acreage was increased nearly 25 percent over 1942, and production is up more than 25 percent. The soybean acreage was up 7 percent over the record acreage of last year, which, in turn, was more than three times the average acreage grown during the preceding 10 years. The peanut acreage was up 20 percent over last year, when the acreage was more than double the average of the previous 10 years.

Moreover, in the case of soybeans and peanuts, most farmers were not conscious that a subsidy was involved since they received the entire returns for these crops at time of sale. A direct subsidy payment is being made on potatoes, yet the increase in production has been even more than requested.

5. Question. Will an increase in farmers' prices, if passed on to consumers, mean an increase in wage rates?

Answer. The only reason why the Administration has been able to substantially hold the line on wages since last April is that food prices and other costs of living have been largely stabilized. We may want to argue that wages should not increase if food prices increase, but it is the considered opinion of those in constant close touch with the situation that such increases cannot be

prevented. The records both support the fact that prices and wages tend to move together and support the contention that wage increases would be demanded if food prices advanced.

6. Question. Are subsidies more or less inflationary than price advances?

Answer. Under conditions as they exist in this country, subsidies are almost certain to be less inflationary than price advances. Subsidies are inflationary to the extent that they represent the disbursement of Government funds obtained through borrowings from banks. To the extent that subsidy payments are matched by increased taxes or increased borrowings from nonbanking sources, the payments are not inflationary.

Similarly, price advances are inflationary when they lead, directly or indirectly, to an increase in Government expenditure financed by borrowings from banks. Increased agricultural prices mean increased food prices. Increased food prices mean increased wages. Increased wages mean increased manufacturing costs. Increased manufacturing costs mean increased prices for manufactured products. The Government is now spending at the rate of \$100,000,000,000 a year, most of which goes for food, guns, planes, tanks, ships, ammunition, and other war materials.

With Government expenditures for war materials at this high level, even a very small percentage increase in prices for these materials would greatly exceed the amount contemplated in agricultural subsidy payments. If, as seems certain, increases in food prices through a sequence of wage and price increases would bring about a general increase in costs of war materials, that would cost more than the subsidy method.

7. Question. Will subsidies increase the national debt?

Answer. Of course, subsidies will increase the national debt, but the increase will be less than if prices are permitted to spiral upward, because the savings on the huge volume of goods and services bought by the Government will be so much more if prices are stabilized by subsidies than the cost of the subsidy itself.

8. Question. Are subsidies un-American?

Answer. No; unless all the activities of the United States Government, since 1776, have been un-American. In the last 150 years, we have subsidized homesteaders and railroads through land grants and domestic industry by means of high tariffs. We have directly and indirectly subsidized merchant shipping and air transportation. More recently we have subsidized agriculture through the A. A. A. program, parity payments, and the collection of interest on farm-mortgage loans at less than the rates specified in the loan agreements.

9. Question. What different types of subsidies have been used in agriculture in recent years?

Answer. (a) A. A. A. allotment payments; (b) A. A. A. conservation payments; (c) parity payments; (d) grants to farm families; (e) Government services, extension and research; Federal and State; (f) absorption of part of the interest on farm mortgages; (g) price supports and nonrecourse loans on which losses are incurred in disposing of the stocks at prices below the loan rate; (h) payments to processors or other middlemen which permit a decrease in prices to consumers without decreasing prices to producers. Examples include meat and butter payments made by the Defense Supplies Corporation; (i) payments to processors or other middlemen which permit an increase in prices paid to farmers without increasing prices to consumers. Examples include the cheese, fluid milk, and hay and dairy feed payments by the Commodity Credit corporation.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

COMMITTEE ON INSULAR AFFAIRS

Mr. McGEHEE. Mr. Speaker, I ask unanimous consent that the Committee on Insular Affairs may be permitted to sit this afternoon during the session of the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi [Mr. McGEHEE]?

There was no objection.

EXTENSION OF REMARKS

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a radio address by Mr. Cedric Foster.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. REECE of Tennessee. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief speech by Col. George Cocheu.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. KEFAUVER. Mr. Speaker, I ask unanimous consent that on Friday next, following any special orders heretofore entered, I may be permitted to address the House for 45 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that on tomorrow, following any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EXTENSION OF REMARKS

Mr. PHILLIPS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial on subsidies.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LANDIS. Mr. Speaker, I ask unanimous consent that my colleague, the gentleman from Indiana [Mr. HARNES] may be permitted to extend his own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

THE LATE GEORGE W. LOFT

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, a former Member of this House, George W. Loft, died Saturday at Baldwin, Long Island. He passed away at the age of 78.

His career is known to all of us in our State and throughout the country. In 1913 he was elected to Congress from the old Bowery district to fill a vacancy caused by the death of Big Tim Sullivan. He was reelected, and at the expiration of his second term in 1917 retired and no longer held public office. He was a distinguished citizen of my State and held the respect of all who had the privilege of knowing him. May he rest in peace.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. DICKSTEIN] is recognized for 20 minutes.

DISLOYAL JAPANESE

Mr. DICKSTEIN. Mr. Speaker, I was startled to read in the newspapers that 500 Japanese invaded the administrative building of the Tule Lake camp and that 20 Japanese armed with clubs and knives had to be taken into custody, and that some of the internees were injured. It is shocking to read about the disturbances created by the Japanese internees at the relocation camp. It is almost as distressing to see in this morning's paper that the Dies committee is going to probe the situation. It seems that no matter what happens anywhere, the Dies committee is always ready and eager to start a new investigation. It does not seem to matter to them that they have wasted about \$600,000 of the taxpayers' money on their previous attempts at investigating without bringing in any constructive legislation to remedy some of the situations they were supposed to have investigated.

Mr. Speaker, I am happy to see that the war is going along very well. Our Army, Navy, and marines are doing a great job and we hope that the war will soon be over. I am afraid, however, that we are letting our boys down on the home front. The very things they are fighting against—the myth of racial supremacy, racial intolerance, and bigotry—have raised their ugly heads in our own country. There are certain groups in this country who are using the emotional instability of people facing wartime conditions to further their own ends in sowing distrust among our people and in poisoning their minds against some of their allies and even against some of their own fellow Americans. Why have not such groups been investigated? Why, when our Justice Department finally does try to expose some of the ringleaders, these troublemakers even find defenders on the floor of this House.

Coming back to this Japanese question, there is not any doubt in my mind that some of the Japanese in this country have no business to be here, and there is no doubt in my mind that some are disloyal. They should be dealt with accordingly in a lawful way and I believe it should be left to the Committee on Immigration and Naturalization to deal with this problem and to determine what should be done. Some time ago our committee tried to get through a resolution to give them authority to investigate certain conditions involving aliens and Americans of foreign extraction. This problem does not come under the juris-

diction of the Dies committee. The members of that committee do not have as much experience in dealing with such a problem as have the members of our committee. Let us have some action that will eradicate these evils. We should have the right to study these questions more closely. Here is what is in my mind. It is my best judgment that all these Japanese aliens ought to be brought together and if they are disloyal or advocating anything contrary to the best interests of this country, they should be deported to Japan in exchange for some of the Americans still in concentration camps in Japan. I would give all of the disloyal Japs back to Japan and take back whatever we can of our own citizens.

Mr. PHILLIPS. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. PHILLIPS. I want to make sure that the gentleman understood that all of the Japanese in the Tule Lake camp are disloyal Japanese who have been taken from the other camps and segregated there, and also, I forget how many, but a small number of disloyal ones from Hawaii, had also been brought there.

Mr. DICKSTEIN. I say to you that our committee should be given the authority to study this question so as to enable us to bring in legislation which would remedy the situation.

Mr. PHILLIPS. The gentleman has a resolution before his committee now.

Mr. DICKSTEIN. We will get to that resolution in a moment.

Mr. RUSSELL. And I may state that there is a bill now before the gentleman's committee which if he will report favorably and it can be passed will deport everyone.

Mr. DICKSTEIN. Which bill do you have in mind?

Mr. RUSSELL. I forget the number of it. I am the author of it. I wrote it, but it is in your committee.

Mr. DICKSTEIN. As a matter of fact I have a number of bills that, in my judgment, do not hit the point that we are trying to make, and that is to destroy un-Americanism and remove from our shores disloyal people, whether they are Japanese or any other disloyal people in this country. It is a rather delicate situation, but we should be able to find some workable solution.

In addition to the naturalized aliens of Japanese blood, there is a large group of native-born Americans of Japanese descent. What has the committee before it to justify the taking away or canceling of their citizenship? We cannot very well take away the birthright of a person born here, just because he is of Japanese descent. If necessary, however, it would seem to me that in cases of disloyal native-born Japanese we might take away some of their civil rights, which the Congress would have the right to do. In that way we might take away some liberties that they have been exercising by right of citizenship, when in truth and fact they are nothing but spies for the Japanese Government.

All three of these questions will have to be determined, not by a lot of hysterical publicity but by some legislation that

will settle these problems in a legal manner. It is very difficult for any congressional committee to bring out any constructive measures unless it has been given an opportunity to judge the situation and investigate it so that it can intelligently present the matter to the House. Our committee has asked for this authority time and again, but this House—or, rather, a certain group in the House—was able to block it.

Now, Mr. Speaker, our distinguished colleague the gentleman from California [Mr. SHEPPARD] has a bill, H. R. 2701, before our committee now. I have given this matter some very, very serious consideration. We are all trying to find some way to dispose of all disloyal people in this country. We know of the Japanese menace.

Mr. SHEPPARD. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. SHEPPARD. I would like to say to the gentleman that I am in accord with a majority of his statements made on the floor this afternoon. He specifically referred to a bill of which I am the author. I would like to call attention to the fact that the bill expressly and definitely takes in those American citizens who have declared their allegiance to one of our enemy nations, and nothing else.

Mr. DICKSTEIN. Yes. I know that the Department of Justice, through Mr. J. Edgar Hoover, has done the greatest job in wartime or in peacetime of any investigating agency. But, at the same time, we are a democracy, and we hope to remain a democracy, and that entails certain responsibilities in our dealings with people. The gentleman's bill, as much as I agree with him as to the necessity of punishing disloyal Japanese, is too broad and may endanger the civil rights of native-born loyal Japanese. The question is, Can we take away the birthright of a man of Japanese birth? My judgment—and I believe Attorney General Biddle agrees with me along that line—is that we cannot do it that way. You can take care of an alien who is not a citizen. You can disfranchise a naturalized citizen because of disloyalty to our country, especially in time of war. But what shall we do with the native-born disloyal Japanese?

Mr. SHEPPARD. Will the gentleman yield further?

Mr. DICKSTEIN. I yield.

Mr. SHEPPARD. I would do the same thing that you have done with any other American citizen under wartime conditions, if those in power were inclined to function as they should function. You can take away their citizenship under circumstances as set forth in that bill.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. EBERHARTER. I would like somebody to tell me when this country ever took away the citizenship of a loyal American-born person. It has never been done in the history of this country. It is an entirely new proposal. There are thousands of those persons who are just as loyal to American principles as

any other nationality. I think it is wrong to even suggest that we take away the citizenship of decent, loyal, law-abiding citizens who have never committed any wrong but who were born in this country.

Mr. DICKSTEIN. I do not think that is the intent and purpose of the gentleman from California [Mr. SHEPPARD]. I do not think it is the intention of any Member of Congress to hurt any law-abiding person born here. We are talking about disloyal people. I admit this is a very delicate subject and that is the reason we have to be very careful in working out a solution.

Mr. EBERHARTER. Will the gentleman yield again?

Mr. DICKSTEIN. I yield.

Mr. EBERHARTER. I just want it understood that I hold no brief for any person who has sentiments of loyalty to any other country except the United States, no matter whether they were born in this country or not, but my plea is for those persons who have professed their loyalty.

Mr. DICKSTEIN. I think the gentleman is a member of the Dies committee, if I am not mistaken.

Mr. EBERHARTER. That is correct.

Mr. DICKSTEIN. I have read your minority report on the Dies committee and I think it was very constructive and very enlightening, but in your report, as well as in the majority report, I have never seen any recommendation to the Congress as to just how to deal with disloyal Japanese who, in my judgment, are a menace to our war effort, without hurting the loyal citizens of Japanese ancestry.

Mr. SHEPPARD. Will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. SHEPPARD. May I say to my splendid friend and colleague who voiced the very splendid statement a moment ago in which I am in complete accord, that in California in our internment camps, we have over 18,000 American citizens who have, in the screening process conducted by your Government and my Government, definitely stated their allegiance to their own country, Japan, even though they are Americans. That is what my bill, along with others of like character, covers.

Mr. EBERHARTER. If the gentleman will yield, I think I stated before that I am not putting up any argument or holding any brief for any person who has not been proven absolutely loyal to this country.

Mr. DICKSTEIN. I appreciate that.

Mr. EBERHARTER. I have never indicated that I favored handling disloyal persons with kid gloves; so that is perfectly understood.

Mr. DICKSTEIN. I think both you gentlemen are right. I do not think any Member of this House wants to go beyond the realm of the Constitution. The question under the Sheppard bill and other similar bills is: Can we take away the birthright of a Japanese-American born here? Would not the better way in the cases of disloyal Japanese be to take away their civil rights, rather than to

try to destroy the fundamental principles of our Constitution? I am just as anxious to find a solution to this problem as is my colleague from California. As he no doubt remembers, I scheduled a hearing on his bill some time ago but it had to be postponed because he was unable to appear before the committee at that time.

Mr. SHEPPARD. Mr. Speaker, will the gentleman permit an interruption?

Mr. DICKSTEIN. Gladly.

Mr. SHEPPARD. Does not the gentleman believe that under our constitutional procedure a person who, during wartime, declares his allegiance to another country, especially one with which we are at war, has automatically sacrificed his so-called privilege of birth?

Mr. DICKSTEIN. The gentleman knows how I feel about that. I have talked to him. As a matter of fact I am willing to set this bill down for a hearing with what little knowledge we have on this question in the hope that something can be worked out. The committee has not been given an opportunity to study the question thoroughly. We had hoped to have that opportunity. We had hoped through some intense study of the problem to bring back some suggestions which would render harmless every individual who seeks to destroy our form of government and, in fact, all people who are disloyal in time of war. Speaking as a lawyer, and I think you will agree with me, I do not see how we can take away the birthright of any individual by legislation alone, for to do that would be to take away some of the rights guaranteed him under the Constitution. It is easy enough to take care of an alien or a naturalized citizen, but I doubt very much whether it would be constitutional to do what these gentlemen seek to do in the bills they have introduced.

Mr. Speaker, let me say, as chairman of this committee, that I am more than happy to cooperate with the membership of this House. I am willing to stretch the point as far as any gentleman wants to stretch it if the process does not destroy the fundamentals of our Bill of Rights in the Constitution. It seems to me it is high time we stopped long-winded investigations, time that we got some legislation; or if further investigation seems necessary some committee should be empowered to make recommendations which could be carried out and would result in constructive legislation which would destroy our enemies.

As a result of some fine work by the Department of Justice under the able guidance of our Attorney General, Mr. Francis Biddle, the citizenship papers of thousands of naturalized citizens have been canceled, and rightfully so. Some of these people are to be deported after the war; all would be deported now were there a place where they could be sent. It was done in an orderly fashion, however. The people were brought into court and the Government sustained its case against them. There are many more thousands of disloyal people in this country, not only people of Japanese birth but Americans, white people, native-born, who have not been 100 percent

in support of our country in this critical war period.

The SPEAKER. The time of the gentleman from New York has expired.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article relating to a splendid example recently established by the officers of Boston University providing a free college education for the children of every one of the graduates of Boston University who die or are killed during this war.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. WINTER. Mr. Speaker, I ask unanimous consent that on Friday next after the disposition of the legislative business of the day and other special orders that I may address the House for 30 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE ARMY AIR CORPS

The SPEAKER. Under previous order of the House, the gentleman from New Jersey [Mr. POWERS] is recognized for 25 minutes.

Mr. POWERS. Mr. Speaker, 2 short years ago a lot of people we know were shaking their heads and repeating the formula of the day—"Too little, and too late." Most of them were well-meaning people who did not realize that it was they who were primarily responsible for the state of affairs they so readily deplored.

The United States was caught napping at Pearl Harbor, caught without enough airplanes in any of the major theaters of war, and the best that most of these well-meaning folk could do was shake their heads sadly and mumble, "Too little, and too late."

Some of these people came to life very suddenly. They said we must build 50,000,000 airplanes in a hurry, and train 100,000,000 skilled crews in a hurry, but the majority of them were simply left mumbling, "Too little, and too late."

Some of those people, I am afraid, were born too little, and too soon.

They were born too soon—soon enough to have their minds cluttered up with a lot of fine antique notions about air power. To them air power meant gallant dogfights over "no man's land," a little reconnaissance and maybe some effective functioning as a kind of long-range artillery. Airplanes, to the best of our friends' recollections, were something you went up in to look over the terrain—or to help out some ground troops who found themselves in a jam. That was their conception of air power.

Now, ordinarily very few of us spend our nights sitting up with copies of field manuals published by the War Department. But some of our more alert newspapermen recently called attention to a paragraph in one of these booklets—

Field Manual 100-20, entitled "Command and Employment of Air Power."

The paragraph reads as follows:

Land power and air power are coequal and interdependent forces; neither is an auxiliary of the other.

That is a simple statement, axiomatic and completely self-evident to anyone who has followed the military campaigns of the past 10 years, if only in terms of headlines. But, some of our friends, whose education was completed on the day of the armistice in 1918, went into something of a dither. They began to view with alarm. And when people like that view with alarm, they take the rostrum or rush into print with equal abandon.

Was this a move toward an independent air force, they demanded. Did it mean that we have given up the idea of a large-scale invasion of the European continent? Why should not an air commander be held responsible to officers who ranked him? What had the Army Air Force ever done to merit such consideration? Our friends were highly exercised, and they wanted to know.

If they had taken the trouble to read a little further into Field Manual 100-20, at least some of their doubts might have been allayed.

Allow me to quote two paragraphs:

2. Doctrine of employment: The gaining of air superiority is the first requirement for the success of any major land operation. Air forces may be properly and profitably employed against enemy sea power, land power, and air power. However, land forces operating without air superiority must take such extensive security measures against hostile air attack that their mobility and ability to defeat the enemy land forces are greatly reduced. Therefore, air forces must be employed primarily against the enemy's air forces until air superiority is obtained. In this way only can destructive and demoralizing air attacks against land forces be minimized and the inherent mobility of modern land and air forces be exploited to the fullest.

3. Command of air power: The inherent flexibility of air power is its greatest asset. This flexibility makes it possible to employ the whole weight of the available air power against selected areas in turn; such concentrated use of the air striking force is a battle-winning factor of the first importance. Control of available air power must be centralized and command must be exercised through the air force commander if this inherent flexibility and ability to deliver a decisive blow are to be fully exploited. Therefore, the command of air and ground forces in a theater of operations will be vested in the superior commander charged with the actual conduct of operations in the theater, who will exercise command of air forces through the air force commander and command of ground forces through the ground force commander. The superior commander will not attach Army Air Forces to units of the ground forces under his command except when such ground-force units are operating independently or are isolated by distance or lack of communication.

That makes sense. It is air-power doctrine, streamlined to be sure, but not by an advertising agency artist under instructions to be visionary. It is air-power doctrine forged in the heat of combat and hammered out by men who placed not just their reputation but their lives at stake. It makes sense, and it has pro-

duced something that even the most hide-bound exponents of the Maginot Line or the Greek phalanx must recognize—results.

On the day of Pearl Harbor—due, at least partly, to the efforts of people who are now loudest in their demands for action—our Air Force was as ill-equipped to meet the needs of the moment as any other arm of the service. Our strength in combat aircraft was approximately 3,000 planes, or about the number used by Hitler in the Polish campaign alone. Fewer than 1,200 of this 3,000 were actually suited to combat service.

Slightly over 500 planes of this first-line strength had been deployed to meet a possible attack on the Hawaiian and Philippine Islands. Within a few hours—hours, I repeat—350 of these were smashed in the air or on the ground.

With its remaining strength, the United States Army Air Force was called upon to do the following jobs—I list only a few:

First. To defend the continental United States from aerial attack.

Second. To garrison with airplanes and crews, and to defend from aerial or any other kind of attack, Alaska, Hawaii, the Philippines, Puerto Rico, Panama, Trinidad, Newfoundland, Iceland, Greenland, the Virgin and Windward Islands, and British Guinea.

Third. To collaborate with the Navy in keeping the supply lines open to Australia.

Fourth. To operate China's only connecting line with the Allied world.

Fifth. To meet the urgent, and often desperate, demands of all war theaters for airplanes and crews.

Sixth. To set up training schools, complete with curricula, instructors, and matériel, for an air force of two and a half million specialists.

Seventh. To initiate and supervise the production of hundreds of thousands of combat, transport, and training airplanes of an immense variety of types and models.

Eighth. To organize and maintain a world-wide network of airways for the transporting of vital matériel and personnel.

Ninth. To plan for offense while fighting on the defensive against overwhelming odds.

Tenth. To implement our Commander in Chief's characterization of our country as the arsenal of democracy by feeding some of our finest airplanes and best trained men to the United Nations forces everywhere.

Those were some of the jobs that our Army Air Force was called on to perform—in a hurry.

As General Marshall observed in his biennial report to the Secretary of War, there is only one man who can tell the real story of how the Air Forces met this challenge. And that is General Henry H. Arnold, who, without a moment's recrimination against those who had for decades overruled his far-sighted proposals, pitched into the job at hand with imagination, driving energy, and complete scorn of obstacles. I hope General

Arnold will find time to tell that story in the not too distant future.

In the meantime, it may be well to recall just a few of the extraordinary achievements in this war of our Army Air Force:

First. The existence of the Army Air Force is primarily responsible for the fact that not a single American home or factory has been bombed.

Second. Australia has not only been kept in the fight but today our Fifth Air Force, under General Kenney, is knocking the Japs out of the sky and driving them back along their own triumphant path—fast.

Third. China's life line in the air is intact, and our Fourteenth Air Force, under General Chennault, has already accounted for hundreds of enemy planes and has established a matchless record of approximately nine Jap planes brought down to each one lost by us.

Fourth. Together with the R. A. F., the Army Air Force is systematically, relentlessly crushing Germany's ability to wage war, saving millions of American lives in the land invasion to come.

Fifth. Already at least 2,300,000 specialists—pilots, gunners, bombardiers, navigators, mechanics, weathermen, radio operators, a list of several hundred occupations—have been trained and are functioning at their appointed tasks.

Sixth. Airplanes—the best in the world—have been developed to meet every conceivable need of a well-rounded combat force. Those airplanes are rolling off assembly lines and roaring into action on every front of this immense war. Our Army Air Force has been in continuous contact with all our enemies on every front since the beginning of the conflict. We have established air superiority on every front. When American ground troops look into the skies today, it is American war planes that they see.

Let us be accurate in our characterization of these matchless achievements. The existence and operations of the Army Air Forces represent what General Arnold has justly called our "margin of victory"—the difference between winning and losing this war.

Our "margin of victory"—nothing less.

In building up this margin we have acquired a vast body of invaluable experience. This experience has been boiled down and published by the War Department as Field Manual 100-20. The fact that so much inept debate and speculation has been aroused by this simple, incontrovertible little document is, I am sure, a tribute to something or other. A tribute, let us say, to the patience of the American soldier.

All in all, perhaps it is a very good thing that some of the debates carried on at home never do reach our soldiers on foreign duty, or reach them late enough to provide some innocent merriment. All the same, I think I would like to be present when General Spaatz, for one, runs into some of the confused speculation now going the rounds about Field Manual 100-20.

General Spaatz, you see, has in his quiet way been proceeding for some years now on the natural assumption that land power and air power are indeed coequal and interdependent forces;

that neither is an auxiliary of the other. As commander of the joint R. A. F.—A. A. F. forces in northwest Africa, his job, as a coequal, was to help clear the Germans and Italians out of that continent.

Fortunately for us and for the British, the Italians in Africa never had the opportunity to make a very careful study of FM 100-20, which was published only last July. In 1940 the Italian Air Force in Africa was vastly superior in numbers and quality to the R. A. F., which had no more than a handful of obsolete planes. But the Italian Air Force was dispersed in penny packets at the beck and call of local ground commanders, who used it to give protection to their own sectors. In that campaign, the R. A. F., employed as a true air force should be, in concentrated mass, utterly destroyed some eleven hundred Italian aircraft.

In our final push from Egypt across the desert the ground commander and the air commander lived together in intimate daily consultation. They made their plans together, each stating what his force could contribute to the general victory.

They worked together in complete harmony. They both knew that only the long reach of air power could achieve a quick triumph in Tunisia. They knew that it would be easier to destroy the enemy than to push him into the Mediterranean. In accordance with this plan the ground commander pressed his units steadily forward to capture and protect the airfields. Our air forces, for their part, knocked out the enemy air power first, and then threw their full weight into blasting a path for our ground troops.

In the meantime our strategical air force of heavy and medium bombers, under the command of General Doolittle, concentrated on blasting the enemy embarkation points and other military installations on both the European and the African side. The coastal air force protected our own ports.

As evidence of these and similar combined efforts, as evidence, in brief, of the soundness of our air-power doctrine, we hold the continent of Africa, the islands of Pantelleria, Lampedusa, Sicily, Sardinia, and Corsica, and a substantial portion of the Italian boot. Until a better argument should happen along I think that should suffice. And better arguments, I assure you, are in the making.

Field Manual 100-20 is not the final word in air-power doctrine. There is no final word in warfare. The only sure thing about innovations is that they are dead certain to be opposed. You are going to hear of some startling innovations of far-reaching consequence taking place in our Army Air Forces. You may be sure that, as new ideas, they will encounter much opposition. But in analyzing this opposition make a point of looking up the records of the men involved. Find out how they stood on the measures which our Army Air Forces adopted in carrying out its magnificent mission. Do that in justice to the men in strange skies and on strange soil, the men who are relying on you to decide

on the basis of evidence. Those men have taken some trouble to make their evidence exceedingly plain.

The SPEAKER. Under previous order of the House, the gentleman from California [Mr. Voorhis] is recognized for 10 minutes.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to include with my remarks employees exhibit No. 119, filed by Mr. E. E. Milliman, president of the maintenance-of-way employees of the railroads with the President's Emergency Board.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. Voorhis]?

There was no objection.

RAILROAD BLACK LABOR MARKET

Mr. VOORHIS of California. Mr. Speaker, what I have to say today concerns a group of workers absolutely essential to this war whose base rate of pay is not \$1 an hour or 80 cents an hour or 75 cents an hour or 60 cents an hour, but as low as 46 cents an hour over a great portion of the country. I am going to talk about railroad workers and the problems they are up against.

There are conditions, and there are going to be conditions both as to farm prices and as to wages which will have to be fairly adjusted as we go along through the war. I believe this is one of them. No strike or stoppage of work can be tolerated as long as this war lasts. But that puts all the greater responsibility upon government to see that conditions which are unfair and unequitable are not tolerated either.

One of the outstanding factors that has contributed to the present railroad labor crisis, and the serious impairment of morale in this important war industry is a Nation-wide "black labor market" being carried on by the railroads and thus far tolerated by those who exercise the power of decision in such matters here in Washington.

The existing basic wage scales in the railroad industry are so low, and inequitable in comparison with other major industries, that railroad workers have left the industry by the tens of thousands and new recruits have not been obtainable at the existing rates. After an exhaustive investigation, the President's Emergency Board found an 8-cent hourly increase in railroad wages essential to the effective prosecution of the war, but the Office of Economic Stabilization has thus far not granted that increase.

The labor condition was already serious at the time the President's Emergency Board was investigating the wage case early last spring, and it has become more and more critical from month to month since that time as a decision has been delayed and delayed. Prior to the Board's hearings last spring, the railroads had already launched upon a Nation-wide black-labor market, and these facts were placed before the Emergency Board in the evidence and testimony presented by the representatives of the employees. It was presented in factual detail in the employees' wage exhibit No. 119, which gave names, dates, and places in a clear and indisputable manner.

The railroad black labor market here referred to, rose out of the following combination of circumstances:

First. The basic wage rates for several hundred thousands of railroads' maintenance workers were so low that the employees had already quit their jobs in great numbers for the much higher wages in other war industries.

Second. The railroads refused to meet the requests of the employee organizations filed with them in September 1942, for the improvement in these substandard wage scales that the employees insisted were necessary to retain the experienced railroad workers on their jobs and to maintain the morale highly essential in this indispensable war activity.

Third. The railroads were unable to obtain or retain a sufficient force to maintain their tracks, bridges, tunnels, and other fixed properties and their rolling stock or other equipment in safe and efficient operating condition.

Fourth. While refusing to pay a wage sufficient to retain their regular and experienced maintenance workers, or to attract new recruits to take the place of those who were quitting their jobs at an alarming rate, the railroads adopted the direct practice of paying much higher wages for the performance of this same routine work when performed by employees hired through contractors.

The employees' representatives, in bringing these facts to the attention of the President's Emergency Board, cited illustrative instances of 66 such contracting arrangements, or black-market practices, on 19 different railroads in 24 widely scattered States. On pages 86 and 87 of its printed report to the President, under date of May 29, 1943, the Emergency Board dealt with this uncontradicted evidence of the employees and stated in part:

In many instances it appears that some railroads are indirectly paying a much higher rate to employees hired by contractors than they are paying to the similar groups of workers employed directly and forming a part of their experienced railroad labor force. . . . No qualifying or explanatory circumstances having been brought to the attention of the Board with respect to this testimony, the Board, on the basis of the facts at its disposal, is compelled to conclude that a grave disparity in wages prevails on a number of railroads by virtue of the practice of some carriers letting out to private contractors ordinary and apparently routine railroad-maintenance projects. Such a situation creates serious wage inequalities and is not conducive to the retention of the high morale of regularly employed railroad workers. Moreover, it seems to indicate a pressing need for additional railroad workers, coupled with a desire to maintain basic rates of pay at relatively low levels.

Time will not permit my making reference to any considerable number of these black-labor-market instances and, therefore, in order that my remarks may be adequately supported with a factual record, I request permission to incorporate with my remarks a table of names, dates, places, and figures incidental to this black-labor-market procedure as placed before the Emergency Board by the employees in the hearings conducted last spring.

This record will show one railroad pays 75 cents an hour for track work handled by the contractor, or black-market

basis, while refusing to raise its 56-cent rate being paid directly by the road itself in the same locality for the performance of the same work by its regular and experienced forces.

It will show another road refusing to raise its basic carpenter rates of 74 cents an hour while, at the same time, paying \$1.375 an hour for the same work handled on this black-market basis. It will show still another road paying its regularly engaged painters 74.5 cents an hour, while contracting the same work at \$1.25 per hour. It will show more than 100 typical cases of this contracting or black-labor-market practice.

However, the tremendous difference in hourly wage rates here referred to is only part of the story. The black-market workers also get time and one-half pay for work performed on Saturday, while the regular forces engaged directly by the railroads in the same work and in the same locality continue at their straight-time rates for the sixth day of each week. For example, the railroad that pays its regular and experienced carpenters 74 cents an hour continues that same 74-cent rate for Saturday, but its black-market carpenter with a rate of \$1.375 goes to one and one-half times that figure for Saturday, or to \$2.06 an hour. In other words, the railroad pays its black-market carpenter \$16.48 for 8 hours' work on Saturday, while its own regularly employed and experienced carpenters are paid only \$5.92.

On the basis of a 48-hour week, the railroads' regularly employed carpenters earn \$35.52 a week while its carpenters doing identically the same work being hired through the contract or black-market procedure earn \$71.48, which is more than double the amount that the railroad pays its own directly employed workers.

The Government authorities will not permit this railroad to raise that 74-cent carpenter rate by 8 cents an hour or to 82 cents per hour, but no governmental agency seems to be concerned with the publicly recorded fact that the railroad, through this black-labor-market scheme, is actually paying \$1.375 an hour.

The factual data that I shall place in the record will show that these are not isolated instances. They were already in effect last spring in 24 different States, on 19 big railroads, and on page 86 of its printed report to the President the Emergency Board made reference to more than 100 such conditions. As early as last spring, the practice had already extended from the New England States to California and from the Gulf coast to the Great Lakes. I am informed that it has become more extensive since that time.

The railroads engaging in this practice were not small nor isolated carriers. They included such outstanding trunkline systems as the Baltimore & Ohio, Boston & Maine, the Chicago, Burlington & Quincy, the Chicago, Milwaukee, St. Paul & Pacific, the Illinois Central, the Pennsylvania, the New York, New Haven & Hartford, the Colorado & Southern, the Soo Line, the Seaboard, the Southern Pacific, the Union Pacific, the Texas & New Orleans, and the

Northern Pacific. It will be seen that these roads engaged in this black-labor-market practice are among the Nation's outstanding carriers located in the North, East, South, and West.

The railroad black labor market which has now become more general because of the constantly growing railroad labor crisis was being practiced last spring in widely scattered States. Among these were Ohio, Massachusetts, Nebraska, Illinois, Iowa, Kansas, Missouri, Wisconsin, Mississippi, Kentucky, New York, Minnesota, Michigan, Delaware, Pennsylvania, Florida, California, Oregon, Utah, Texas, Louisiana, Washington, and Wyoming.

The railroad workers are fully aware of this black-market scheme because they are working on the same jobs and in the same territories where it is being engaged in. For example, one railroad hired school boys at 75 cents an hour through the so-called contractor method and put them to work right in the same gang and under the same supervision of the same foremen with their regular experienced trackmen who were being paid 56 cents and 58 cents an hour. Here we had an instance of school boys working in the same gangs with the railways' experienced forces and drawing 18 cents and 19 cents an hour more than the regularly employed trained railway employees.

As one Member of Congress, this combination of circumstances seems to me as being not only indefensible but utterly fantastic. However, when these facts were placed before the Emergency Board last spring by the representatives of the employees, they were not challenged or contradicted by the representatives of the involved carriers. If a governmental agency is actually going to deny an 8-cent hourly increase to the railroad industries' loyal and experienced forces, what is it going to do in connection with this Nation-wide railroad black-labor-market practice?

Under these circumstances, a regularly engaged railroad carpenter could quit his regular employment with the railroad today, which pays him 74 cents an hour, and apply for reemployment tomorrow through the contractor or black-market arrangement at a rate of \$1.375 an hour, which would be double his regular railroad rate. He can do this but he cannot stay on his job and be granted a raise of 8 cents which would make his rate 82 cents an hour.

The conservative railroad labor leaders in this industry have tried patiently and diligently to correct this situation for more than 13 months, and it is alarming but hardly surprising to find a real crisis deepening over this whole matter.

It was my impression that the basic purpose of the Stabilization Act was to aid in the successful prosecution of the war. But for that result to be obtained there has got to be consideration given to these inequities as to the wages of regularly employed workers in industries like transportation, which are certainly as important to the war as anything else in the world.

Surely we have the intelligence and the courage to do what is fair and right and equitable without having such action lead to an uncontrolled spiral of inflation.

Maintenance-of-way work performed by contractors

Name of railroad, name of contractor and location	Wage rates paid—														Time and one-half for Saturday		
	Section men		Laborers		Foremen		Carpenters		Helpers		Painters		Miscellaneous				
	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor	
Baltimore & Ohio: Vang Construction Co. (Ohio).	{ \$0.56 .58 }	\$0.75															
Boston & Maine:																	
T. Stuart & Sons (Boston).			\$0.55	\$0.75	{ \$0.80 .82 }	\$1.00											
Various small contractors (over entire system).												\$0.81	{ \$0.95 1.15 }				
Chicago, Burlington & Quincy: Parsons Construction Co. (Gibson, Nebr.).							\$0.785	\$1.375	\$0.65	\$0.70	.78	1.20				No.	Yes.
Izard Paint Co. (Omaha, Nebr.).							.785	1.25			.78	1.45			No.	Yes.	
Assemacher Contracting Co. (Havelock, Nebr.).							.785	1.25							No.	Yes.	
Assemacher Contracting Co. (Lincoln, Nebr.).							.785	1.25							No.	Yes.	
Smith Roofing Co. (Chicago).							.785	1.25									
Carl Johnson Construction Co. (Iowa).			.53	.70			.77	1.50							No.	Yes.	
Olson, Ausomaker & Rocar (Alliance, Nebr.).							.785	1.25							No.	Yes.	
Carnac Constr. Co. (Atchison, Kans.).			.53	.90			.77	1.50							No.	Yes.	
Hastings Morgan Co. (St. Joseph, Mo.).			.53	.70			.77	1.25							No.	Yes.	
Wm. Karnopp Construction Co. (Kansas City, Mo.).			.53	1.70											No.	Yes.	
Ougles Contracting Co. (Kansas City, Mo.).			.53	.85											No.	Yes.	
Cameron Joyce & Co. (Alpha, Ill.).			.50	.85											No.	Yes.	
Rocko Bros. Construction Co. (Norris, Ill.).			.50	1.00											No.	Yes.	
Christ Posehen Corp. (Ottumwa, Iowa).			.53	.85										\$0.77	\$1.50	No.	Yes.
Chicago, Milwaukee, St. Paul & Pacific: Fritz Bros., Builders (Madison, Wis.).			{ .46 .50 }	.85			.7725	1.25							No.	Yes.	
Colorado & Southern: Western Elaterite Co.								.77	1.50							No.	Yes.
Gulf & Ship Island: Contractor (Brooklyn, Miss.).											.77	{ 1.00 1.35 }			No.	Yes.	
Illinois Central:																	
Contractor (Dubuque, Iowa).			.53	.75			.79	1.25									
Mills Contracting Co. (Iowa).			.53	.90			.77	1.25								Yes.	
Contractor (Louisville, Ky.).							.74	1.375								Yes.	
Contractor (Kentucky division).											.745	1.25				Yes.	
Long Island R. R.:																	
Salson Construction Corporation (Long Island City, Long Island).			.55	1.03			.86	1.85					.84	\$2.00			
Hallen Welding Co. (Long Island City, Long Island).													{ .97 .91 }	{ 2.00 2.00 }		{ Double time.	
Minneapolis, St. Paul & Sault Ste. Marie:																	
Ganley Construction Co. (Minneapolis, Minn.).							.745	1.375	.61	.925							
Jensen & Campbell Contractors (Superior, Wis.).							.745	1.35	.61	{ .75 .90 }							
Michigan Central: Elding & Miller (Detroit, Mich.).							.855	{ 1.40 1.65 }							No.		
New York, New Haven & Hartford: Malley (Boston Area).			.55	.625													
Pennsylvania R. R.:																	
Stevens Constr. Co. (Niles, Ohio).	.55	.80													No.	Yes.	
Ferguson & Edmonson Co. (Crestline, Ohio).	.55	.825													No.	Yes.	
J. O. O'Connor & Son (Bucyrus, Ohio).	.55	.825													No.	Yes.	
Trimble Construction Co. (Wilmington, Del.).			.55	.75			.84	1.50					.91	1.80	No.	Yes.	
Whiting-Turner Construction Co. (Stoney Creek, Pa.).			.55	.70											No.	Yes.	
Seaboard Air Line: Sam F. Blissett (Southern Florida division).											.65	1.20			No.	Yes.	
Southern Pacific (Pacific Lines):																	
F. Terheyden & Bros. (Stockton, Calif.).	{ .53 .55 }						\$210.00	\$1.75			.82	1.50			No.	Yes.	
Morrison-Knutson Co., Inc. (Coast division).	.53	.85													No.	Yes.	
Morrison-Knutson Co., Inc. (Salt Lake division).	.53	.85													No.	Yes.	
Morrison-Knutson Co., Inc. (Portland division).	.55	.95													No.	Yes.	
Morrison-Knutson Co., Inc. (Eugene, Oreg.).	.55	{ .75 .95 }													No.	Yes.	
A. H. Hardy (Oakland, Calif.).								.82	1.50						No.	Yes.	
Morrison-Knutson Co., Inc. (San Francisco, Calif.).	.53	.85					\$172.00	\$310.00									
Spokane, Portland & Seattle:																	
Geo. Buckler Contracting Co. (Vancouver terminal Co.).	{ .50 .56 }	1.10													No.	Yes.	
Albany Sand & Gravel (Albany, Oreg.).	{ .50 .56 }	.95													No.	Yes.	
Geo. Buckler Contracting Co. (Willamette, Oreg.).	.56	.95													No.	Yes.	

See footnotes at end of table.

Maintenance-of-way work performed by contractors—Continued

Name of railroad, name of contractor and location	Wage rates paid—														Time and one-half for Saturday	
	Section men		Laborers		Foremen		Carpenters		Helpers		Painters		Miscellaneous			
	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor	Rail-road	Con-tractor
Spokane, Portland, & Seattle—Continued.																
Geo. Buckler (Wishram, Wash.).	\$0.50	\$1.00													No	Yes.
Texas & New Orleans:																
A. S. Daniel (Victoria division).							\$0.72	\$1.00			\$0.72	\$1.00				
S. O. Harris (Austin division).							.72	1.00			.72	1.00				
Contractor (New Orleans terminal).			\$0.46	\$0.60	7 187.60	7 1.20	.72	1.125								
W. E. Crawford (San Antonio division).							.72	1.00			.72	1.00				
Murty (Houston division).							.72	1.00			.72	1.00				
A. J. Snapp (Victoria division).							.72	1.00			.72	1.00				
Union Pacific:																
Diamond Engineering Co. (Kelso, Calif.).			.60	.75	7 215.00	7 10 75.00					.83	1.00			No	Yes.
McNeil Construction Co. (Kelso, Calif.).			.60	.875	7 215.00	7 1.875	.83	1.35							No	Yes.
G. Gnam (Cheyenne, Wyo.).					7 215.00	7 300.00					{ .79 .83	{ 1.25 1.375			No	Yes.
J. Schrag (Albina, Oreg.).					11.88	11 12 15.00	.83	1.50							No	Yes.
L. James & Co. (Seattle, Wash.).					7 215.00	7 1.615					{ .79 .83	{ 1.49 1.20			No	Yes.
Izard Construction Co. (Omaha, Nebr.).											.83	1.20			No	Yes.
Diamond Engineering Co. (Denver, Colo.).					7 215.00	7 10 75.00			\$0.67	\$0.85	.83	1.00			No	Yes.
B. Wannicott (Green River, Wyo.).											{ .79 .83	{ 1.25 1.35			No	Yes.
Vedder Contracting Co. (La Grande, Oreg.).							{ .79 .83	{ 1.35							No	Yes.
H. E. Dodson (Arlington, Oreg.).											{ .79 .83	{ 1.35			No	Yes.
Diamond Engineering Co. (Evanston, Wyo.).				.75	7 215.00	7 10 75.00					{ .79 .83	{ 1.00			No	Yes.
McCormack Construction Co. (Pendleton, Oreg.).											{ .79 .83	{ 1.32 1.65			No	Yes.
Diamond Engineering Co. (Ogden, Utah).			.60	.75	7 215.00	7 10 125.00	{ .79 .83	{ 1.25			{ .79 .83	{ 1.00			No	Yes.
Diamond Engineering Co. (Huntington, Oreg.).							{ .79 .83	{ 1.25			{ .79 .83	{ 1.32 1.65			No	Yes.
Carl Christensen (Cheyenne, Wyo.).							{ .79 .83	{ 1.25							No	Yes.
Worley Paint & Sign Co. (La Grande, Oreg.).											{ .79 .83	{ 1.32 1.65			No	Yes.
A. H. Barbour & Son (Albina, Oreg.).					7 215.00	7 1.75					{ .79 .83	{ 1.32 1.65			No	Yes.
L. Yeaman (Seattle, Wash.).			.60	1.08	7 215.00	5 12 12.92									No	Yes.
Jack Evers (Wyoming Division).			.60	.75	7 215.00	7 300.00	{ .79 .83	{ 1.25			{ .79 .83	{ 1.50			No	Yes.
Superior Lumber Co. (Wyoming Division).			.60	.75	7 215.00	7 300.00	{ .79 .83	{ 1.25							No	Yes.
McNeil Construction Co. (Yermo, Calif.).			.60	.875	7 215.00	7 1.875	.83	1.35							No	Yes.
Israd Paint & Decorating Co. (Council Bluffs, Iowa).											{ .79 .83	{ 1.20 1.45			No	Yes.
Earl Vandehei (Cheyenne, Wyo.).			.60	.75	7 215.00	7 10 75.00	.83	1.50							No	Yes.
Diamond Engineering Co. (Gering, Nebr.).											.83	1.00			No	Yes.
Diamond Engineering Co. (Grand Island, Nebr.).											.83	1.00			No	Yes.
Israd Paint & Decorating Co. (Omaha, Nebr.).											{ .79 .83	{ 1.20 1.45			No	Yes.
Yazoo & Mississippi Valley: A. E. McGraw (Baton Rouge, La.).							.77	1.25	.52	.90					No	Yes.
Northern Pacific: D. M. McRae (Seattle, Wash.).							.705	1.41							No	Yes.

1 Extra gang foremen.

2 Minimum.

3 Masons and bricklayers.

4 Welders.

5 Ironworkers.

6 Work equipment engineers.

7 Bridge and building foremen.

8 Monthly rate.

9 Section foremen.

10 Weekly rate.

11 Carpenter leadmen.

12 Daily rate.

Source: From general chairmen of Brotherhood of Maintenance of Way Employees on Railroads listed.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin [Mr. DILWEG] is recognized for 1 hour.

THE PAYMENT OF SUBSIDIES UNDER THE CANADIAN PRICE CEILING

Mr. DILWEG. Mr. Speaker, today I am offering a complete and exhaustive history of the payment of subsidies under the Canadian price ceiling for the benefit of the Members of the House.

Next week this body will consider a bill to extend the life of the Commodity Credit Corporation, and the vote thereon will reflect the issue of subsidies or no subsidies.

I personally am of the opinion that the issue should be "restricted use of moneys for subsidies," or a new method of congressional origin to control inflation as a substitute for that of the administration. However, that is beside the point at this time. A careful examination of the history of the experiences and headaches, so to speak, of the Canadian subsidy plan will reveal a parallel situation to that in the United States.

I am devoting my time today to discussing the Canadian need for subsidies, its administration of subsidies, its principles of subsidies, the commodities subject to subsidies, the details and costs of

subsidies, and price control as a factor in stabilizing wages.

1. NEED FOR SUBSIDIES UNDER PRICE CEILING

The payment of subsidies has been an essential part of Canadian price control since the Government first introduced a comprehensive control system. The principles and administrative organization of the Canadian subsidy program are directly related to the price control policy followed by the Government. Canada was the first of the democracies engaged in this war to introduce a general ceiling over the prices of all goods, services, wages, and salaries. This price and

income ceiling was introduced in December 1941 and has been more or less rigidly and successfully maintained during the period of nearly 2 years since its introduction. The cost-of-living index which had risen approximately 15 percent in the 27 months between August 1939 and December 1941 has risen only slightly more than 3 percent in the 22 months since the establishment of the price ceiling.

In spite of this policy designed to freeze production costs, the Government recognized the fact that certain costs could not be controlled or stabilized and that the payment of subsidies was necessary if the general price ceiling was to be maintained. The Wartime Prices and Trade Board had already been granted broad power to institute a subsidy program or at least to recommend the payment of subsidies to the Minister of Finance, the responsible cabinet minister under which the board operates. In practice, the board actually formulates policy and administers the program. When the price ceiling was first introduced the Government specifically stated that if there was an unreasonable squeeze between costs and ceiling prices—

The Government representing the people as a whole, should . . . take a share of the burden by way of a subsidy . . . or in some other appropriate way.¹

In discussing the subsidy policy of the Government before the House of Commons on April 23, 1942, the Minister of Finance stated in clear and unequivocal terms the basic reasons for a subsidy program—

The necessity for subsidies or their equivalent—

Mr. Ilsley explained—

arises from the fact that the costs of providing goods or services to the Canadian consumer cannot be completely controlled or from the fact that in some cases these costs were actually higher at the time the ceiling was imposed than the level of costs that were then being reflected in the prices charged. . . . Insofar as these costs rise beyond the amount which the industry can absorb with fixed prices, we must either do without those goods, or raise the ceiling on their prices, or else pay subsidies, or take some equivalent action to meet these increased costs.²

The Government decided that sound economic and social policy dictated that the Government should take the responsibility of ensuring adequate supplies of essential goods at stable prices. If the price ceiling was to be held, provision for subsidies had to be made. The Minister of Finance emphasized that the decision to pay subsidies to producers rather than grant price increases is based on the assumption that it is a less expensive and less inflationary method of control. He argued that the payment of a small subsidy to producers prevents pyramiding of costs and the far greater total proportionate cost to the Government and to the individual that price increases all along the line would entail.

Subsidies are no more inflationary than price increases would be. In fact a rise in prices places as much if not more additional spending power in the hands of producers and most important of all, it could not be subjected to as close control as a subsidy.

Subsidies have been paid to serve a variety of purposes:

First. The major problem inherent in the establishment of a general price ceiling effective simultaneously at the manufacturing, wholesale and retail level is that price relationships between the different levels are out of line. Due to the normal time-lag, many base-period costs are not reflected in base-period prices. The resultant "squeeze" primarily at the wholesale and retail level may, if not corrected, result in undesirable, inequitable and in some cases prohibitive burdens on wholesalers and retailers and will dislocate and hamper the production and distribution of civilian goods. Since Government policy required a rigid holding of the retail ceiling, the prices board handled this problem by "rolling back the squeeze" by means of price reductions or increases at the producing or wholesale level in order to distribute the squeeze equitably, requiring reasonable absorption of the squeeze by industry, and simplification and standardization programs but wherever warranted, the payment of subsidies.

Second. Certain costs cannot be stabilized no matter how rigid or comprehensive a ceiling is placed over prices and wages. One obvious category of costs which cannot be controlled by the price control agency is imported goods, the prices of which are to a great extent beyond the control of the domestic price control agency. Since imported goods constitute such a significant factor in the Canadian economy, import prices could not be exempted from the general price ceiling and some method had to be adopted to stabilize their prices. Originally, in fact, the board expected that the chief need for subsidy would be to compensate for increased import prices. Experience under the price ceiling has, however, showed that there are many domestic costs which tend to increase no matter how rigid the ceilings. Unavoidable and uncontrollable increases in real costs in the domestic field arise from the use of less efficient labor, the use of substitute materials, changes in source of supply and form of transportation, and a number of other causes. Unless the Government is willing either to permit a decline or in some cases a complete cessation of production or supply, or permit the breaking of the ceiling, these increases in costs must be subsidized.

Third. Subsidies are also necessary to maintain and increase production and supply, particularly in the case of high-cost production.

Fourth. Subsidies are often necessary in wartime where conditions of supply and distribution are frequently abnormal in order to promote the proper flow and allocation of supplies.

Fifth. Temporary subsidies are often necessary to compensate for inventory

losses accompanying a price reduction or as interim measures while a price adjustment is put into effect or while a reduction in costs is secured through rationalization, simplification, and standardization programs.

2. ADMINISTRATION OF SUBSIDY PROGRAM

The duty of recommending the payment of subsidies in order to restrain increases in the cost of living or to offset uncontrollable increases in other costs was originally entirely granted to the Wartime Prices and Trade Board. The power to authorize and administer subsidy programs has in practice been exercised by the W. P. T. B., subject to the direction of the Minister of Finance. A special corporation, the Commodity Prices Stabilization Corporation was established—P. C. 9870, December 17, 1941—to operate under the direction of the Board and this corporation has administered subsidy and purchase and sales operations instituted by the Board. The Prices Board formulates general subsidy policies as well as the formulas and rates employed, except in the case of imports where the formulas and rates are worked out by the corporation. The corporation administers the programs in line with the principles worked out by the Board, verifies claims, and makes the actual payments.

Agricultural subsidies of various types have also been paid throughout the war period by the Department of Agriculture and boards operating under its direction. These subsidies have been principally designed to increase or direct production rather than to control prices. It is difficult, however, to distinguish between these two types of subsidies since most production subsidies operate and in some cases are designed to operate also as price stabilization measures. There has been considerable friction between the Department of Agriculture and the Prices Board regarding the farm price and subsidy policy followed by the Board. In many cases the Department of Agriculture felt that the Board's subsidy program was either inadequate or ill-timed and also argued that higher prices were essential to bring forth sufficient supplies. In February 1943 a clarification of powers and responsibilities between the Department of Agriculture and the W. P. T. B. was announced—Canada, House of Commons Debates, February 9, 1943, pages 272-274. The price ceiling even in regard to agricultural products was not relaxed. The Prices Board continues to be responsible for estimating domestic requirements for food for consumer rationing, for food imports and their distribution, for consumer subsidies and has final responsibility in all matters of price. The Department of Agriculture is responsible for securing the required production of agricultural foodstuffs under the price ceilings established by the Prices Board, and if production is not forthcoming the Department and the Board must consult regarding the steps to be taken, which may consist of subsidies, price adjustments or other measures. The Department of Agriculture has, however, been granted the power to recommend subsidies to primary producers and must be consulted by the

¹ Wartime Prices and Trade Board, preliminary statement of policy, November 21, 1941, p. 5.

² Canada, House of Commons debates, Thursday, April 23, 1942, pp. 2046-2057.

Prices Board in regard to any consumer subsidies introduced by the latter. Exports are subject to control by the Department. The Department is also responsible for the necessary diversion of food to the armed forces and other priority users, while the Prices Board controls distribution to civilian consumers.

Exceptions to this policy of centralized control of price stabilization subsidies are few. The draw-back or subsidy paid on wheat to millers in order to maintain ceiling prices on flour in the face of increases in the price of wheat is paid by the Department of Trade and Commerce through the Canadian Wheat Board. In addition, a few special production subsidies are paid by the Department of Munitions and Supply, the government agency responsible for the procurement of all war material, and also responsible for all controls except price over raw and industrial materials and war production.

3. PRINCIPLES OF SUBSIDY PROGRAM

The effectiveness of a subsidy program and price-control system cannot be attributed solely to the fact that a subsidy program is in existence and a general price ceiling has been established. Its effectiveness arises chiefly from the technique used and the policies followed in administering the price control and subsidy program coupled with the general economic and fiscal policies followed by other Government agencies. The most important principles of the Canadian subsidy policy are summarized below:

First. Power to authorize and administer subsidies has been granted to the agency which has broad power to control the prices and with some exceptions the supply, production, and distribution of all civilian goods and services. All possible production costs have been placed under rigid control. Although wages and salaries are controlled by the National War Labor Board and not by the War-time Prices and Trade Board, the wage and salary ceiling was imposed at the same time as the general price ceiling and is considered an essential factor in price control policy. Although the Department of Agriculture has always exercised certain controls over agricultural production and distribution, it was not until February 1943 that responsibility for producer subsidies was transferred from the Prices Board to the Department. The Department is responsible for production of food and agricultural products and for certain phases of noncivilian and preresail distribution.

Second. In general, subsidies are authorized only on essential goods when adequate supplies are not forthcoming under the established price ceiling.

Third. Subsidies are not payable on all cost increases, but are in general strictly limited to the amount which cannot be reasonably absorbed by the industry or firm applying for a subsidy. In the case of nonfood subsidies, particularly, eligibility for subsidy is often approved only if the industry or firm agrees to special government control of profits. Profit control is achieved through the limitation of subsidy payments to those manufacturers or importers who are not earning excess

profits in the 100-percent bracket—as defined by the Excess Profits Tax Act—exclusive or inclusive of subsidy. Subsidies are therefore not payable to manufacturers or importers to the extent that they are in the 100-percent excess-profits tax bracket, for example, those earning more than 116½ percent of standard profits—normally average profits during the 4 years, 1936 through 1939. The use of this formula relieves the Prices Board of the problem of setting up profit standards and determining reasonable profits since it accepts the formula and financial data of the Department of National Revenue. Any subsidies paid to manufacturers in the 100-percent excess-profits bracket would be entirely returned to the Government in the form of taxes at least during the war—a post-war 20-percent refund is provided for. This formula operates to minimize the total cost of the subsidy program, and to insure that unwarranted subsidies are not paid. Irrespective of the profit or loss position of a particular firm in regard to the particular product which may be subsidized, subsidies are often only paid if the overall profit situation of the firm justifies it. The application of profit control tends to minimize the cost of subsidies and to prevent payment of unwarranted subsidies since importers and manufacturers will generally wish to avoid governmental supervision of their books and the additional work of processing and following up applications unless the subsidy is necessary.

Fourth. Even when a subsidy has been authorized in principle, it is not obligatory but may be varied or refused at the discretion of the corporation, for example, if costs are deemed excessive or if the cost or supply situation or profit position of the firm or industry changes. Subsidy programs are kept under continual review. Subsidies may be reduced or abandoned and in a number of instances this has already been done. Where the payment of a uniform rate of subsidy for all manufacturers has been adopted for administrative reasons and this subsidy reduces the net cost of any individual manufacturer or distributor below the cost on which the ceiling price is based, either the ceiling price or the subsidy paid must be correspondingly reduced.

Fifth. Under no condition will a subsidy to constitute a benefit or to be a source of special profit to the subsidized industry or business firm. In order to qualify for a subsidy, an industry is required to show that it has instituted all possible economies and that its margin of profit is no more than reasonable or necessary. The industry receiving the subsidy must bear a part of the increased costs in respect of which the subsidy is paid and the payment of a subsidy is "conditioned upon certain action which increases the costs or reduces the receipts" of the industry. The net effect of subsidies and price control should leave the industry in a worse, not a better, profit position than before the price ceiling was imposed.

Sixth. Subsidies are paid to benefit the consumer and to keep down the cost of

living. Various provisions have been established designed to prevent the payment of subsidies on war goods and production goods. For example, production goods and other nonconsumer goods have been declared ineligible for import subsidy. Goods sold to the Department of Munitions and Supply are not eligible for subsidy. A special order has recently been issued providing for the recapture of subsidies which, for reasons of administrative expediency, may have been paid on goods which are not domestically consumed but are exported or sold as ship stores. In this way subsidies are restricted to civilian commodities domestically consumed. Since the Government would ultimately bear the full cost in the case of war goods in the event of either a price increase or a subsidy, it was felt unreasonable and unnecessary to permit subsidies to be paid on such goods or on materials entering into the production of such goods. In practice, however, price increases in the field of war and producer goods have been very limited. For example, the corporation has been paying a variety of retail and producer subsidies on lumber. Since the great bulk of lumber is used in war production or by industrial consumers who could absorb the increase in costs, these subsidies were recently rescinded and price increases permitted all along the line. Consumers are protected by a 10-percent discount which will be paid for by the corporation.

Seventh. Although subsidies are really paid to the consumer, technically because retailers and consumers are so numerous they are paid to producers or primary distributors. As a matter of administrative convenience, the general policy of the Board is to pay subsidies at the level of trade at which there are the fewest firms. This is generally the producing or importing level. In the case of most agricultural food products, subsidies are paid to primary processors or distributors rather than to producers themselves, since the administrative task of making subsidy payments to innumerable individual farmers would be enormous. Processors and distributors act as agents of the corporation in paying subsidies to the primary producers and are reimbursed by the corporation. Payment of subsidies at the lowest levels also prevents the pyramiding of cost increases and minimizes the total amount of the subsidy.

Eighth. The reduction of costs through standardization, simplification, the elimination of unnecessary frills and services, the pooling and restriction of distribution and in general the rationalization of industry has been continually insisted upon. This is an important factor in minimizing and even removing the need for domestic subsidies.

Ninth. A special subsidy formula was established to govern payment of subsidies on imports as distinct from domestic products. Although the Board stated that subsidies would be paid on all essential domestic products, if necessary, no list of commodities which were considered essential was prepared or at least publicly announced in advance. Domestic subsidies on particular goods have

been authorized from time to time as the need arose. A quite different policy was followed in regard to imports. Immediately after the introduction of the ceiling a policy was announced which provided for the payment of subsidies on all essential consumer imports at a maximum rate equivalent to the total cost increase since the base period or over the costs determined to be appropriate to ceiling prices—W. P. T. B., Statement of Import Policy, December 2, 1941; revised January 1, 1942, August 1, 1942, February 11, 1943. Unless specifically excluded, all consumer goods, including equipment for the use of farmers, fishermen, and other individuals in the course of personal trade or occupation, and materials to be used in the production of consumer goods are automatically eligible for subsidy. In order to minimize the cost of import subsidies and prevent the payment of subsidies on unessentials, a long list of consumer goods has been specifically excluded from subsidy. This list, which has been progressively broadened during the last year, covers unessential goods—goods similar to domestic products which are available at reasonable prices, and in some cases goods the production of which is prohibited in Canada. Goods which are exempt from the price ceiling or subject to bulk purchase by the Government are not in any case eligible for subsidy.

Production goods, industrial supplies, and other nonconsumer goods are ineligible unless specifically ruled eligible. Goods purchased by the Department of Munitions and Supplies—sole procurement agency for war material—or its agencies are specifically excluded.

Even in the case of products specifically declared eligible for subsidy, the Corporation at its own discretion may deny the payment of a subsidy entirely, may refuse to pay the maximum subsidy, and may reduce and vary the subsidy at any time on the same grounds described above as governing the payment of domestic subsidies. The statement of import policy specifically denies subsidies to applicants if the total subsidy payable in any 1 month is less than \$25 or when the increase in cost is insignificant in relation to the amounts involved. Presumably importers are asked to bear a squeeze roughly proportionate to that borne by producers and sellers. The profit-control formula described above is also applied to imports—at least, in many cases.

In 1942 a category of goods, which is eligible for subsidy but only after prior approval, was established. This technique of determining eligibility for subsidy is being increasingly used. It is a more selective method and serves to minimize subsidy payments while at the same time safeguarding the payment of essential subsidies. This group now includes a wide variety of products. Furthermore, the corporation may at any time refuse to pay the subsidy in any case where it believes the importation was unjustified because adequate supplies of substantially similar goods of domestic origin were available at reasonable prices or when the cost of the par-

ticular goods is deemed to be excessive, for example, if foreign supplies attempt to take advantage of the situation or collude with importers to raise or maintain prices at unreasonably high levels.

Several methods of payment and subsidy formula are followed. A subsidy may be paid to an individual importer either for a specific commodity or class of commodities or in the case of a firm with a large volume of varied imports, the subsidy may be determined not on the basis of individual commodities but on the basis of average import costs and the firm's general profit situation. Import subsidies may be authorized on an individual cost basis but for administrative convenience uniform or flat-rate subsidies based on average costs or selling prices are paid wherever possible. If a flat-rate subsidy results in an increase in an individual seller's profit margin, however, an appropriate reduction in the ceiling price or subsidy must be made.

Tenth. Government purchase and sale has been used as a means of indirect subsidy, particularly in the case of imported products. In most cases Government purchase and sale is designed primarily to insure supply. The underlying reason for centralizing all purchases in the hands of a Government agency has been that the world supply available to the United Nations of many essential imports has been placed under Government control. International agreements covering the allocation of such commodities frequently require that purchases be handled in each country by a Government agency. In many cases, however, the corporation sells at a loss at prices consistent with the price ceiling in order to avoid the necessity of breaking the ceiling. Bulk purchasing under Government auspices frequently operates to minimize or eliminate the need for a subsidy which would otherwise have to be paid, since it often results in a reduction of unit costs and permits lower selling prices than would otherwise obtain. The Wartime Prices and Trade Board has been granted broad power to buy and sell both imports and domestically produced commodities and the Commodity Prices Stabilization Corporation in addition to administering the subsidy program has also administered purchase and sale programs.

Eleventh. In indirect type of import subsidy which has also been used is the reduction and remission of import duties and taxes and the modification of valuation standards for customs purposes. The Prices Board has been granted the power to recommend such action to the Department of National Revenue in cases where shortages and cost increases threaten the price ceiling and its recommendations are rarely if ever disapproved.

In addition to the remission and modification of special import taxes, of the 10-percent-war-exchange tax—covers imports from the nonsterling area; this tax was introduced in order to discourage imports from outside the sterling area and thus conserve foreign exchange—and of ordinary tariff duties, which has been done from time to time in regard to particular commodities,

several general actions have been taken decreasing import duties for all commodities. The imposition of special or dumping duties has been suspended and import and excise duties imposed in other countries may be disregarded in estimating the value for duty of such goods when imported into Canada. On individual authorization duties may be levied on invoice value rather than fair home market value as previously required.

The use of this technique of indirect subsidy has been an important factor in the price control and subsidy program. It is administratively easy, although it does not allow for selective control of the firms and industries which benefit or of the conditions determining eligibility.

Twelfth. In general, subsidies have not been authorized on a basis limiting payments to high-cost producers or high-cost portions of an individual producer's output. In the domestic field a uniform subsidy is usually authorized covering an entire industry or all production of a particular commodity and the profit-control formula is expected to operate to limit actual payments to those producers whose costs warrant a subsidy. The rate of the subsidy would thus be established at the level necessary to bring in the required total production irrespective of an individual producer's costs.

Thirteenth. Since wages and salaries are subject to a ceiling similar to that covering commodities, the policy of the prices board has been to refuse subsidies to meet increased wage and cost-of-living bonus costs. In principle wage rates are frozen and the rate of the cost-of-living bonus would only be increased if the price ceiling was broken.

4. COMMODITIES SUBJECT TO SUBSIDY

Commodities subject to subsidy may be divided into two main groups: First, food and agricultural products, and second, non-food products. There are important differences between the underlying problems governing subsidy programs and the basic reasons requiring the payment of subsidies between these two groups. A distinction may also be made between domestic and import subsidies. Indirect subsidies in effect are also of two main types—Government purchase and sale and remission and modification of duties and taxes.

A. FOOD AND AGRICULTURAL PRODUCT SUBSIDIES

The following food and agricultural products are now or have been at one time subject to direct subsidy.

DOMESTIC

Domestic commodities cover: Dairy products, including fluid milk, concentrated milk products, butter, and cheese; a large group of miscellaneous processed groceries; specified canned vegetables and fruits—that is, tomatoes, peas, corn, beans, peaches, pears, plums, and tomato juice—and tomatoes, peas, corn, and beans in raw form when sold for processing; specified types of jelly and jam and specified berries and fruits when sold for processing into jam, frozen eggs, potatoes, white beans, flour, shortening, transportation of beef, butter, potatoes,

and other foodstuffs; feed, fertilizer, wool, alfalfa, eggs for export, oats, barley, and certain seeds, and apples. Some of these subsidies are primarily for the purpose of stabilizing or avoiding increase in prices while others are primarily to promote production. It is difficult to distinguish between these two types of subsidies as most production subsidies are also indirectly instituted in the interest of price stabilization, since otherwise production incentives might take the form of price increases. In the case of flour and apples, subsidies are paid not to increase production or prevent price increases, but to take care of surpluses.

IMPORTS

Although a relatively small proportion of import subsidies have been paid on foods, some foods which are not domestically produced are or have been eligible for import subsidies. Subsidies have been paid on tea, cocoa, cocoa butter, cocoa beans, vanilla beans, spices, dried fruits, peanuts, cleaned and uncleaned rice, tapioca, canned corn beef, rennet, salt, lima beans, white corn, oranges, grapefruit juice, unsweetened fruit pulp, molasses, and skimmed milk powder. Of these 20 commodities 6—canned corned beef, lima beans, cleaned rice, tapioca, fruit pulp, and grapefruit juice—have now been declared ineligible for subsidy. Six others—tea, cocoa beans, vanilla beans, spices, dried fruits, and peanuts—are now ineligible for subsidy because they are subject to bulk purchase by the C. P. S. C., which resells in the domestic market at prices consistent with the price ceiling. Five items—cocoa butter, salt, white corn, uncleaned rice, and molasses—are only eligible for subsidy after prior approval. Import subsidies have also been paid on a number of agricultural supply and equipment items, such as seeds, fertilizers, and farm machinery and equipment. Due to the fact that most of the imported foods and some agricultural supply items are now subject to Government bulk purchase and sale programs, subsidies of food imports have become relatively small.

PURCHASE AND SALE

In addition to the six imported commodities listed above as subject to Government purchase and sale, imports of coffee, fats and oils, sugar, and such agricultural supplies as fertilizers and pesticides are subject to indirect subsidy through Government purchase and sale programs. All these items are purchased by the C. P. S. C. with the exception of sugar. All imports of sugar have been purchased by the Wartime Prices and Trade Board sugar administrator since the outbreak of war.

Domestic foods and agricultural products subject to purchase and sale programs by the Government are very few. As a result of a serious beef shortage in the spring of 1942 the Government intervened to buy and sell on the domestic market beef destined for export in order to maintain adequate domestic supplies without lifting domestic ceilings. During the summer of 1942 the corporation bought cattle at export prices and resold

them on the domestic market at prices appropriate to wholesale ceilings at a trading loss of nearly \$1,000,000.

In order to provide adequate markets for dairy butter, the normal outlets for which had been adversely affected by rationing, the C. P. S. C. has been authorized to purchase through retailers and other dealers all dairy butter offered by farmers. The corporation sells this butter to industrial users who are permitted to purchase creamery butter only under very limited conditions. A small trading loss during 1943-44 is expected.

The Government has also intervened through the medium of the C. P. S. C. to assist growers and packers of vegetables and fruits. In this case the board has not definitely contracted to purchase output but has merely guaranteed to purchase at stipulated prices any surplus held by a canner on a given date. This is not necessarily a subsidy but is primarily a plan designed to promote maximum production by guaranteeing a market at a minimum price for all products. In practice no purchases have been made by the corporation.

The Canadian Wool Board, operating under the Prices Board, has contracted to purchase all domestically produced wool for the duration of the war and one clip thereafter. A trading loss is incurred by the board on sales of wool for civilian use in order to maintain ceiling prices on wool textiles and which in 1942-43 amounted to \$62,000.

The Department of Agriculture, including the various boards operating under its supervision, and the Department of Trade and Commerce through the Canadian Wheat Board have instituted purchase and sales programs designed almost entirely to insure maximum production for flax and flaxseed of various types, soya beans, sunflower and rape seed, vegetable seeds and dehydrated vegetables. Trading losses are incurred on the sale of flaxseeds for processing in order to keep down prices and although information is not available it is possible that losses may be incurred on some of these other products. The Agricultural Supplies Board has been authorized to subsidize the actual dehydration of certain types of vegetables. This program is primarily to encourage and increase the production of supplies for war uses. The Special Products Board also purchases specified kinds of vegetable seeds, the maximum production and controlled use of which is considered vital to the war-food program. In September 1943 the Government prohibited further open-market operations in wheat and has become the sole purchaser of wheat.

REDUCTION AND REMISSION OF DUTIES AND TAXES

Foods for which import duties and taxes have been reduced or removed include tea, coffee, oranges, sugar, rice, dried fruits, bananas, and a number of fresh fruits and vegetables.

B. NONFOOD SUBSIDIES—DOMESTIC

Domestic subsidies cover leather footwear, garment and glove leather, a number of miscellaneous household items, soap, lumber, cheese boxes, fruit baskets, fuel wood, coal, and some miscellaneous

items such as mine-pit props, ties, and pit wood.

IMPORTS

The great bulk of import subsidies are paid out on nonfood items. Seventy percent of the total import subsidies paid out in 1942-43 were on petroleum and in 1943-44 it is estimated that approximately 37 percent will be paid on petroleum. Another important import subsidy is on cotton and cotton fabrics, wool and wool fabrics, and other fibers and textiles. Raw cotton and cotton fabrics alone will account for 37 percent of 1943-44 import subsidies. Other types of imports which have been subsidized include chemicals, drugs, oils and paint, earthenware and glassware, metals and fabricated metal products, cutlery, and tools.

PURCHASE AND SALE

Indirect subsidies in the form of trading losses have also been incurred on a number of nonfood items. Although it is understood that trading losses during the first year of operations were chiefly on foods, this situation is expected to be reversed in 1943-44 with the great bulk of the losses occurring on nonfood items principally wool yarns and fabrics, bindertwine, and materials for its manufacture, industrial alcohol, cheese-box materials, bristles, chemicals, and cotton yarns and fabrics.

Trading losses are also incurred by the Wartime Salvage Corporation, a corporation operating under the Wartime Prices and Trade Board. This corporation was organized in March 1942 for the purpose of acquiring and disposing of waste or used material of all kinds. In addition to regulating prices for salvage and waste materials, it organizes facilities for the orderly marketing of salvage.

REDUCTION AND REMISSION OF DUTIES AND TAXES

Nonfood items for which import duties and taxes have been reduced or removed include coal, vegetable fibers, alfalfa meal, second-hand bugging, tin, rubber, bindertwine, and so forth.

5. DETAILS OF PRINCIPAL SUBSIDIES

A. FOOD AND AGRICULTURAL PRODUCTS—DAIRY PRODUCTS

One of the most important and certainly the largest domestic subsidy paid has been on dairy products. The problem of establishing proper interrelationships between the prices of milk according to various end products, either by means of price adjustments or by subsidies, has been a difficult one and has resulted in a series of price adjustments and subsidies. Considerable increases in the production of cheese and concentrated milk products have been necessary to meet war requirements coupled with a great increase in civilian demand for milk. At the same time dairy production costs have risen and since dairy products are one of the principal items in the cost of living, it has been important to prevent price increases in this field.

Temporary subsidies were first paid on fluid milk both for consumption in fluid form and for manufacture into concentrated milk products, effective December 22, 1941. The subsidy amounted to 30 cents per hundredweight on milk sold for

direct consumption in areas where there had been no price increase since August 1, 1941, and 40 cents per hundredweight on milk sold for concentrated milk manufacture above a minimum price of \$1.70 per hundredweight or the current price whichever was higher. Payments were made to producers by distributors and manufacturers who were reimbursed monthly by the C. P. S. C. The subsidy was granted as a temporary measure to insure adequate supplies while certain inequalities in the base period price structure were corrected. Prior to the base period, increases in producers' prices in certain areas had been approved while prices in others had not increased. This subsidy was discontinued on April 30, 1942, when the Board issued a revised maximum price schedule which permitted some increases and was designed to provide adequate and equitable price returns without the need for subsidy.

Producers continued to demand higher prices, however, and in order to increase or even maintain production a subsidy seemed required. Effective September 1, 1942, a new subsidy of 25 cents per hundredweight on milk for sale at retail in fluid form in markets specified by the Board was authorized.

Responsibility for producer subsidies was transferred to the Department of Agriculture and on April 3, 1943, the Minister of Agriculture announced the details of the 1943-44 price-subsidy policy covering butter and milk. The 25 cents per hundredweight subsidy on fluid milk was continued. Producers of milk used for concentration purposes were to be subsidized also at a rate of 25 cents per hundredweight during the winter months of October 1943 to April 1944. During March and April 1943, the Agricultural Food Board paid similar subsidies on milk used in concentrated products.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. DILWEG. I yield to the gentleman from Wisconsin.

Mr. KEEFE. May I ask if the gentleman has included in his remarks figures showing whether or not the payment of these subsidies in Canada has actually resulted in increased production of any dairy product?

Mr. DILWEG. If the gentleman will permit me to conclude my remarks, I will answer his question.

In spite of these subsidies, supplies of milk and more especially milk products have been inadequate to meet requirements. Labor costs have increased and poor feed-grain yields in eastern Canada have resulted in the need to purchase an abnormal amount of additional feed. Farm labor is increasingly difficult to get and at the same time both civilian and military requirements in Canada have increased and export commitments to the United Kingdom have been stepped up. In September 1943 the Government authorized an increase in subsidy rates for the period October 1, 1943, through April 30, 1944, and announced a new subsidy on cheese designed to provide additional production incentives. A maximum subsidy of 55 cents per hundredweight on fluid milk was approved

provided that in areas where the 25-cent rate was considered adequate the subsidy should be limited to that amount. The subsidy on milk used for concentration purposes was raised to 30 cents per hundredweight. A new subsidy on milk processed into Cheddar cheese payable at a rate of 30 cents per hundredweight during the period October 1, 1943, to April 30, 1944, was also authorized. This subsidy is in addition to the premium on quality and special factory improvement subsidy already in effect.

In addition to these subsidies on dairy products paid at the production level, a subsidy at the retail level of 2 cents a quart of milk has been in effect since December 1942. This subsidy is paid to retail distributors to compensate for a 2-cent-a-quart roll-back in the retail price of milk introduced at this time. This retail price roll-back was one of several put into effect in December 1942 to secure a reduction in the cost of living index in order to avoid the necessity of authorizing an increase in the cost of living bonus. Payments are made monthly to distributors through the chartered banks. The C. P. S. C. continues to pay this subsidy since the prices board remains responsible for consumer subsidies.

In order to prevent the development of an acute butter shortage indicated by a serious decline in production resulting from low prices of milk for butter manufacture relative to other uses, a subsidy of 6 cents a pound on butterfat—equivalent to 5 cents a pound on butter—was authorized on July 1, 1942, on all creamery butter. This subsidy did not remedy the supply situation sufficiently rapidly. Butter rationing was introduced in December 1942. At the same time, the seasonal price increases for butter, which had been previously authorized, were canceled in order to remove any incentive to withhold supplies and the subsidy was increased to 10 cents a pound of butterfat for the period December 21, 1942, through April 30, 1943. Early in April the Minister of Agriculture announced that a subsidy of 8 cents a pound would be effective May through December 1943, which would be raised to 10 cents for the months January through April 1944.

I think it is quite evident that Canada has experienced the same difficulty we have had in this country in regard to our farm situation. In many instances, it is directly due to a manpower shortage, a machinery shortage, and drought. They have experienced great difficulty in trying to hold the prices down or maintain the price ceiling without paying subsidies.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. DILWEG. I yield to the gentleman from Wisconsin.

Mr. KEEFE. I have listened with a great deal of interest to the statement descriptive of the Canadian subsidy program. The gentleman has indicated that the Canadian system is designed to do two things: First and foremost, to increase production, and, secondly, to maintain a consumer's price level that is compatible with the fight to prevent

inflation. I have listened for three-quarters of an hour to the description of the Canadian system and I have yet to hear the answer, statistically shown or otherwise, as to what the effect of the payment of subsidies has been on production. What has been the influence? Has it been different from what we experienced in Wisconsin when we paid a 3½ cents a pound subsidy on cheese to insure production and the production of cheese immediately took a nose dive and is still falling? Or have they had a successful experience in increasing production in Canada as a result of the payment of these subsidies? It would be a matter of great interest to the Members of Congress, I think, if the gentleman has those figures available.

Mr. DILWEG. I do not believe I or anyone else can answer that. In order to answer the gentleman's question, one would have to include as a cause for the dropping off of production the need for manpower and machinery, and the inability to produce because of weather conditions. In other words, mere incentive payments are not going to produce if you do not have the wherewithal to do it in the form of manpower, machinery, and favorable growing weather.

Mr. KEEFE. If I understood the gentleman correctly, one of the principal bases of the payment of subsidies was to compensate the producer and pay him a price without raising the price level to the consumer. That would enable him to surmount in some way the high price of feed, the inability to secure labor due to the high cost of labor, and so forth.

Mr. DILWEG. That is true.

Mr. KEEFE. Regardless of these other elements that may enter into the picture, the gentleman justifies the payment of subsidies under the Canadian system on one ground, that it will tend to increase production. The gentleman must have in mind when offering this program that all of these other impacts are going to be present. The question I should like to have answered, and I ask it because the gentleman evidently has done some research on this subject, is whether or not under the Canadian operation of the subsidy plan as far as it relates to the dairy industry, it has actually resulted in increased production of dairy products.

Mr. DILWEG. Not materially.

Mr. KEEFE. Then the first part of the gentleman's argument is nullified.

Mr. DILWEG. Do not say the first part of my argument. I am not here arguing or justifying anything. I am reporting to the Congress as best I can on a compilation of facts that I think might be informative to the Congress in connection with a bill they are to consider next week.

Mr. KEEFE. I take it that the gentleman favors subsidies, does he not?

Mr. MONRONEY. Mr. Speaker, will the gentleman yield?

Mr. DILWEG. Yes.

Mr. MONRONEY. I think the gentleman from Wisconsin [Mr. DILWEG] has done great service in Congress in explaining one of the subsidy operations of our great neighbor on the north. I know he served well and faithfully on

the Banking and Currency Committee and has studied this subject in an effort to prevent inflation. I find nothing in his argument that should be obnoxious I think to anyone, and I think we should appreciate the research he has done.

Mr. KEEFE. Mr. Speaker, I do not think anything that was said by the gentleman from Wisconsin who is now speaking could be interpreted as critical of what the gentleman from Wisconsin [Mr. DILWEG] has said. I think the gentleman has made some research on this subject, and he referred to the fact in his speech that I was here on the floor, one of the few that are here, to listen to his statement, one who is interested in the dairy situation the same as the gentleman from Wisconsin [Mr. DILWEG] himself. I was interested because of the research the gentleman has made, and so stated. I stated that he had obviously made much research, and I say to the gentleman from Oklahoma that he perhaps would have the answer to the question as to whether or not the payment of subsidies in Canada had in fact resulted in an increase of production, because the two fundamental things I think the gentleman will admit in his research as being the basis for the Canadian system was increase of production, and to maintain consumer prices. Am I correct?

Mr. DILWEG. Yes; they are two of the elements.

Mr. KEEFE. And do I understand the gentleman as favoring subsidies?

Mr. DILWEG. I have already expressed myself, but perhaps the gentleman did not have the answer to that because he was not on the floor at the time. It is not a question of favoring subsidies or of saying subsidy or no subsidy. I believe I have already expressed myself along this line. I believe a restrictive use of moneys for subsidies would be a good thing at this time, or, if Congress will suggest a new method to help control inflation as a substitute for that of the administration, maybe that is the other part of that issue, but I do not believe that the issue can be squarely drawn on subsidy or no subsidy.

Mr. MONRONEY. Is it not a fact that no one can say in the midst of war whether or not a subsidy or sky-high selling prices on dairy production will bring about an increase actually in milk production because you are limited by the factor of feed and by the factor of labor and by many of the unknown future things in weather, and the mere fact that Canada in her experience in the war has found it necessary not only to increase the price in the market place but to go on with subsidy operations on two or three occasions shows that it is a question of using all weapons in trying to maintain as near as possible normal dairy production.

Mr. DILWEG. The gentleman is entirely correct in his statement. The facts that I had at hand in my research do not indicate any increase of production in the dairy field as a result of a subsidy payment in Canada. However, I also wish to state that subsidy payments did increase production on other

agricultural commodities produced in Canada, as is the case in this country.

CANNED FRUITS AND VEGETABLES

Canned fruits and vegetables have been subject to subsidy since shortly after the imposition of the general price ceiling.

In March 1942 it was found necessary to institute a price roll-back for canned fruits and vegetables of the 1941 pack in order to relieve a squeeze on wholesalers and retailers. Wholesalers' and retailers' base-period prices had been established on the basis of advance prices quoted by canners in the spring of 1941. Canners' prices increased before the end of the base period and wholesalers and retailers found it difficult if not impossible to replace stocks under wholesale and retail ceilings. Canners' prices were therefore reduced to the lowest price charged in the spring of 1941 and wholesale prices were reduced correspondingly. Since costs had already been incurred, an inventory subsidy was authorized to compensate for this price reduction. Owners of stocks were subsidized, wholesalers to the full extent of the roll-back and canners by 80 percent of the difference. Retailers were required to absorb the higher costs incurred on any stocks already on hand.

Increasing growers' prices—which were exempt from price ceilings and increases in which were considered necessary by the Government—and other increased production costs required a subsidy on the 1942 pack of canned fruits and vegetables if price ceilings were to be maintained. Subsidies at specified cents per dozen cans were authorized on tomatoes, peas, beans, corn, tomato juice, peaches, pears, and plums. Part of the subsidy on tomatoes, peas, beans, and corn was designed to enable canners to pay specified minimum prices to growers. These minimum prices were stated in terms of dollars per ton increases over 1941 prices. The Commodity Prices Stabilization Corporation also guaranteed to purchase at stipulated prices any surplus stocks of canned tomatoes, peas, corn, and green and wax beans on hand after February 1, 1943. Only canners who paid growers' prices which exceeded 1941 prices by specified amounts as indicated above were entitled to sell to the Corporation. The purchase price was slightly higher than the maximum legal prices established but lower than the maximum price plus subsidy.

A similar subsidy program has been authorized to cover the 1943 pack. Subsidies at specified cents per dozen cans will be paid by the C. P. S. C. on canners' sales of tomatoes, tomato juice, peas, corn, green and wax beans, peaches, pears and plums. The subsidies on canned vegetables will be paid at the same rate as the 1942 subsidies less that portion of the subsidy paid in 1942 to cover increased prices to growers over 1941 prices, the subsidy for which is to be paid in 1943 by the Department of Agriculture. An additional incentive subsidy for tomatoes and tomato juice has been authorized by the Prices Board

of 3 cents per dozen cans of tomatoes and 2 cents per dozen cans of tomato juice.

The Department of Agriculture has taken over the responsibility of subsidizing producers for vegetables sold to canners. The purpose of this subsidy is to provide growers with suitably higher returns over 1941 prices in the interests of maintaining or even increasing production while at the same time to avoid lifting canners' ceilings. Subsidies are payable at the following rates: tomatoes, \$3 a ton; corn, \$4 a ton; peas, \$10 a ton shelled weight, and \$2 a ton straw weight; and green or wax beans, \$7.50 a ton.

A Government purchase guaranty similar to that in effect in 1942 has been authorized by the Prices Board for specified kinds of canned fruits as well as vegetables. After December 1, 1943, the C. P. S. C. will purchase from canners any of the specified products at a maximum price slightly below maximum ceiling prices plus subsidy. In the case of canned vegetables and tomato juice, canners are only eligible to sell to the corporation if they paid prices to the grower equal to or exceeding 1941 prices.

MISCELLANEOUS PROCESSED GROCERIES AND HOUSEHOLD GOODS—INCLUDES SOME NON-FOOD AND AGRICULTURAL PRODUCT SUBSIDIES

In order to eliminate a serious squeeze on wholesalers and retailers resulting from the application of the general price ceiling, manufacturers' maximum prices of a broad group of miscellaneous groceries and household goods were reduced in March 1942. Manufacturers' maximum prices were rolled back 3 months from the highest prices prevailing in the base period to the highest prices prevailing in June 1941. A maximum subsidy to all manufacturers equivalent to the total amount of the roll-back was authorized and is still in effect. Manufacturers are not eligible for subsidy, however, to the extent that they are earning profits in the 100-percent excess-profits-tax bracket, as defined under the Excess Profits Tax Act. In other words, no manufacturer in the 100-percent excess-profits-tax bracket is eligible for subsidy nor will he receive any subsidy which will put him in this bracket. This proviso was designed to prevent the payment of subsidies to firms whose profit situations do not warrant a subsidy as well as to minimize the total cost of the subsidy. This was the first instance in which this profit-control formula was used but it has now been extended to many other subsidies.

When this subsidy was first authorized it covered more than 40 different items. The number has now been reduced to about 25. In some instances it was found that a subsidy was not warranted, in others the need for subsidy was removed by instituting price adjustments or standardization programs, while in still others different subsidy arrangements had to be introduced. The commodities now covered include 22 foods and 4 nonfood items. Foods: Baking powder; breakfast cereals; processed coconut, sweetened; baking chocolate; cream of tartar; cocoa and chocolate with added malt in paste or powder,

for beverage purposes; flavoring extracts; jelly and pudding powders; mayonnaise and salad dressing; mustard, prepared and dry; canned meats, other than poultry and corned beef; canned molasses; rolled oats and oatmeal, except in bulk; peanut butter; pickles and relishes; split peas; canned pork and beans; canned soup; canned spaghetti; corn sirup; tapioca; and vinegar. Non-foods: Floor wax; furniture polish and shoe polish; liquid ammonia, household cleansers, household lye and washing soda; cornstarch and laundry starch. The following commodities were included originally but were removed after the program was initiated either because the squeeze was too slight to warrant a subsidy or because other arrangements were made to handle the squeeze problem. These are: Evaporated apples; soda biscuits and sweet biscuits; processed cheese; mincemeat; household brooms; wax papers; toilet paper; table salt.

It was possible through standardization to eliminate the need for subsidy for macaroni and zinc fruit jar rings, two of the commodities originally eligible for subsidy under this order. In the case of clothespins, a price adjustment involving the establishment of a uniform dollar-and-cents ceiling at all levels removed the need for subsidy. In the case of spices and coffee, a direct subsidy is no longer necessary, since all supplies are now purchased and sold by the C. P. S. C. which sets its selling prices at levels appropriate to processors' ceilings, irrespective of cost. In the case of such important products as pot and pearl barley and puffed wheat, soap and cooking oils, maple sirup and jelly and jam, special subsidy arrangements had to be authorized to compensate for additional increases in costs.

In the case of barley and puffed wheat a special subsidy was provided to compensate not only for the roll-back in the base period to June 1941 but also to meet increased costs of grain since the base period.

SOAP AND COOKING OILS

This was also necessary in the case of soap and cooking oils in order to compensate for the greatly increased cost of oils and fats during 1942. The following new subsidy arrangement was introduced. Domestic subsidies are paid on inventories as of December 31, 1942, and on all purchases since that date. The rate is the difference between laid-down costs and a lower schedule of prices established by the Oils and Fats Administrator. Imported oils and fats are purchased by the C. P. S. C. and sold to manufacturers receiving the subsidy at the price established in this schedule. Assistance under this scheme on the part of soap and shortening manufacturers is voluntary. Nonparticipants do not receive the benefits of any Government subsidy. The C. P. S. C. sells imported oils and fats to nonparticipants at cost. Manufacturers applying for subsidy are subject to profit control.

MAPLE SIRUP

In the case of maple sirup a different subsidy formula was required because of the establishment of uniform dollars-

and-cents ceilings on maple products in March 1943. A subsidy was authorized for manufacturers and packers to enable them to pay a specified minimum price to producers for maple sirup. The subsidy is payable on sales of maple sirup, maple sugar, and maple butter at the rate of 4 cents per pound based on maple sirup content. The amount of maple sugar and butter on which subsidy may be claimed is limited to a fixed percentage of maple sirup sales.

JAM AND JELLY

Rising costs of fresh fruits and berries, coupled with an increasingly serious supply situation, resulted in the authorization of a new subsidy in June 1943 to encourage the production of jam and jelly. Uniform dollars-and-cents prices at the manufacturing level were established at levels no higher than those prevailing during the base period. To encourage the manufacture of jam and jelly at these prices, a subsidy was authorized as follows: pure loganberry, black currant, red currant, blackberry, gooseberry, apricot, cherry, peach, grape, and plum jam at three-fourths cent a pound, and No. 2 pectin jam of these same varieties at one-half cent a pound; No. 2 pectin strawberry and raspberry jam at 1¼ cents a pound; No. 3 blended or compound strawberry and raspberry jam at three-fourths cent a pound; all grades of blackberry, bramble, black currant, red currant, grape, crabapple, apple, quince, and mint jelly at three-fourths cent a pound.

To enable the manufacturers of jam and jelly to compete with other purchasers of jam fruits, an additional subsidy was authorized by the Department of Agriculture in May 1943 on strawberries, raspberries, loganberries, gooseberries, and currants used in the manufacture of pectin and compound jams. Manufacturers must pay specified minimum prices to which the subsidy is added and claim reimbursement of subsidy from the Department of Agriculture. This arrangement takes the place of the subsidy paid by the C. P. S. C. in 1942 on strawberries produced in British Columbia.

The following subsidy rates are now in effect:

First. In British Columbia:

(a) Strawberries, 6 cents a pound of No. 1 jam and 4 cents a pound of No. 2 jam based on a minimum purchase cost of 6 cents a pound.

(b) Raspberries, 3 cents a pound based on a minimum purchase cost of 11 cents a pound.

(c) Loganberries, 3 cents a pound based on a minimum purchase cost of 7½ cents a pound.

(d) Gooseberries and currants, 3 cents a pound based on minimum purchase cost of not less than the 1942 price.

Second. In Ontario and the East:

(a) Strawberries, 3 cents a pound based on minimum purchase cost of 9 cents a pound or 11¼ cents a quart—20 ounces.

(b) Raspberries, 3 cents a pound based on minimum purchase cost of 10 cents a pound or 11¼ cents a quart—18 ounces.

(c) Loganberries, 3 cents a pound.

(d) Gooseberries and currants, 3 cents a pound based on minimum purchase cost of not less than 1942 cost.

In addition, the C. P. S. C. is authorized to purchase at ceiling prices any jams and jellies still held by manufacturers on May 1, 1944. The C. P. S. C. is also making direct purchases during the current season of berries and fruits in British Columbia. Strawberries, raspberries, loganberries, black currants or apricots preserved or processed in specified manner are subject to this government purchase program. This program has been instituted not as a means of subsidy but principally in order to insure equitable distribution.

This subsidy, covering all fruits and berries processed into jam and jelly, will supersede the special subsidy paid in 1942 on strawberries for jam making. Under this subsidy processors who paid 8 cents a pound or more for strawberries for jam making and preserving were eligible to apply for a subsidy of 2 cents a pound during 1942. This subsidy was necessitated at that time by a special problem. With the removal of Japanese laborers from the coastal area of British Columbia abandoned strawberry acreage could not be taken over and operated except at greatly increased costs.

The supply situation became so serious in 1943 that the rationing of jam, jelly, and other preserves was introduced in September 1943.

POTATOES

Several types of subsidies have been in effect covering potatoes.

A subsidy on new potatoes was in effect during the months of June, July, and August 1943. Due to an acute shortage of old potatoes and the desire on the part of the board to prevent an increase in the cost of living, the board took action to reduce the price of new potatoes to maximum levels established for old potatoes. Wholesalers and retailers were reimbursed to the extent that their laid-down costs exceeded wholesale and retail ceilings respectively. No subsidies were payable on laid-down costs exceeding specified prices which varied downward at stated intervals during the period of the subsidy. A similar subsidy was authorized to cover imports of new potatoes during June and July but a sudden increase in supplies from the United States resulted in the cancellation of this subsidy on shipments entering after July 3.

In order to help alleviate the potato shortage and facilitate the movement to eastern Canada of surplus stocks of old potatoes in Saskatchewan and Manitoba, a temporary subsidy to cover part of the transportation costs was authorized during June 1943.

WHITE BEANS

With the establishment of maximum dollar-and-cents ceilings at the processor's levels which do not allow processors to pay sufficiently high prices to growers, a subsidy on Ontario white beans to be paid by the C. P. S. C. has been worked out. A maximum subsidy of 50 cents a bushel has been authorized.

FLOUR

In order to maintain price ceilings on bread and other wheat products in the face of rising wheat prices, millers may apply for draw-backs. This draw-back is paid by the Department of Trade and Commerce and amounted to approximately \$3,000,000 in 1942-43. Since the price of wheat has risen from 90 cents to \$1.25, at which price wheat is now purchased by the Government, the cost of this draw-back or subsidy will be considerably larger this fiscal year although no precise estimate of the cost is available.

WOOL

In order to encourage the production of a greater volume of good quality wool, a bonus of 4 cents a pound has been authorized for wool delivered according to special standards of cleanliness. The cost of this bonus is shared equally by the Dominion and the Provincial Governments.

TRANSPORTATION OF FOODSTUFFS

Temporary subsidies have been paid on such products as beef, butter, and potatoes to encourage the movement of supplies from surplus to shortage areas, particularly under abnormal and emergency conditions.

FEEDS

A Government subsidy on the eastern transportation of feed grains has been paid since 1941. Under the terms of this subsidy the Government pays the full cost of eastern transportation. A poor harvest in the eastern provinces in 1943 resulting in the necessity of importing a much larger proportion of the supply from the West than before and consequently bringing about a further increase in costs, compelled the Government to introduce additional assistance and subsidy programs. The Government undertook to build up at its own expense emergency reserve stocks of feed grain in eastern provinces for use in the winter. The Government also undertook to pay certain charges such as storage and insurance, abnormal transportation charges, and other extra charges. In August the Department of Agriculture announced an additional subsidy program designed to encourage farmers to purchase feeds as far in advance as possible. A sliding scale of subsidies was established.

A draw-back of 8 cents a bushel has been allowed since August 1942 on wheat used for livestock feeding. In view of rising wheat prices, this subsidy was designed to bring the price of feed wheat back into line with price ceiling levels.

In order to insure an adequate supply of alfalfa meal—a good substitute for protein feeds—a subsidy to processors was authorized by the Department of Agriculture in February 1943. The rate of subsidy is \$3 a ton.

FERTILIZERS

Fertilizer subventions are paid to compensate for increased transportation costs in order to increase use with a view to increasing production of vital wartime crops such as grain and feeds, as well as to keep down farm production costs.

As a result of a wartime shortage of commercial supplies of protein for feeds,

it was desirable to encourage increased production of clover, alfalfa, and other legume crops which constitute principal sources of home-grown proteins. Since legume crops require liming of the soil, special Dominion payments to provincial governments were authorized to cover transportation costs, assist in the establishment or operation of lime plants, and reduce cost of lime to farmers.

It is estimated that the subsidy on imported chemicals for fertilizer purposes will amount to \$2,400,000 during 1943-44.

APPLES

The apple industry has been one of the outstanding war casualties. Approximately one-half of the commercial pack was normally exported chiefly to England, but as a result of the war a drastic reduction in the export of fresh apples occurred. Since the outbreak of the war, the apple industry has been indirectly subsidized. The Government has undertaken to dispose of the surplus by agreeing to purchase specified quotas at guaranteed prices. These prices are supposed to provide returns to growers equivalent or nearly equivalent to what they would have realized on sales of fresh apples, in spite of the fact that a great part of the crop must be processed and could not be sold at fresh apple prices.

In connection with some of the purchase and sale operations and other types of agricultural assistance programs conducted by the Department of Agriculture and the Canadian Wheat Board, varying forms of indirect subsidies are in effect. A trading loss on flaxseed is incurred by the Canadian Wheat Board. In connection with the export price equalization program in effect for oats and barley, producers receive what amounts to a subsidy. Government purchase programs have been arranged for red clover, alsike, and alfalfa seed in order to encourage and permit distribution at appropriate ceiling prices. Government-financed programs to secure the production of certain field root and vegetable seed crops are also in effect.

B. NONFOOD SUBSIDIES—TEXTILES

Cotton, rayon, and wool are all subsidized or eligible for subsidy or partial subsidy in one form or another. Clothing and home furnishings made from such textiles are therefore indirectly subsidized. Some imports and the entire domestic wool production are purchased by the Government either through a Government corporation, the Melbourne Merchandising, Ltd., or through the Canadian Wool Board. The Wool Board operates under the supervision of the Wartime Prices and Trade Board and resells wool to the mills for civilian goods at prices consistent with textile and finished goods ceiling and involving some trading loss to the board. The Melbourne Merchandising, Ltd., purchases all wool required for military contracts. The prices of machine-knitting cotton yarns and cotton fabrics were rolled back shortly after the general ceiling was introduced to levels prevailing in February 1941 and subsidies to cotton goods manufacturers to compensate for increased import costs of raw cotton were authorized.

Raw cotton, flax, wool, rayon, selected textile manufactures, and certain fiber and fiber products are eligible for subsidy. The range of textiles eligible for subsidy has been progressively narrowed throughout the last year and a half with the object of eliminating all nonessential items. A great number are only eligible for subsidy on prior individual approval.

LEATHER FOOTWEAR, GLOVE AND GARMENT LEATHER, AND HIDES

Subsidies are paid on leather footwear, on glove and garment leather and on hides. Maximum manufacturers' prices for shoes were rolled back to spring 1941 levels and a subsidy amounting to 7 percent of the value of sales was authorized. A simplification program was introduced and the shoe subsidy was reduced to 4 percent in July 1942. In July 1943, as a result of a new distribution of the price squeeze by authorizing a 4-percent discount on manufacturers' purchases from tanners and an increase in manufacturers' prices to retailers, which the retailer is required to absorb, the subsidy in its original form was discontinued although some type of Government assistance is being continued to those tanners who need subsidy.

A subsidy was also granted to glove and garment leather manufacturers. A reduction was made in this subsidy in August 1942 and a further modification has recently been made.

Raw hides and skins and certain types of leather and leather products have been eligible for import subsidy.

LUMBER

Various subsidies have been paid to both producers and retailers on certain types of lumber. These subsidies have now been withdrawn and price increases at all levels authorized. A new subsidy has been authorized to offset the effect of these price increases on certain groups of consumers such as farmers, fishermen, and other individual civilian users, who purchase lumber from time to time for use in their personal trade or occupation or for maintenance and repair purposes. This subsidy is to be paid in the form of a rebate at a temporary rate of 10 percent subject to revision in the future on a regional basis after any necessary revisions in retail prices which may be taken.

FUEL WOOD

In order to reduce an acute wood fuel shortage in British Columbia last winter a subsidy was paid on several types of wood fuel to ensure essential supplies. In order to prevent an anticipated general wood fuel shortage this winter, a subsidy of \$1 per cord was authorized in March 1943 to all dealers on commercial fuel wood cut before June 30, 1943. The period was later extended to December 1943. Subsidies have also been authorized to meet special cases of abnormally high transportation costs.

CONTAINERS

One of the major cost problems under the Canadian price ceiling has been that resulting from the increasing costs of containers. Subsidies are now payable on fruit baskets and containers and on cheese boxes.

6. COST OF SUBSIDY PROGRAM

No precise figures are available indicating the cost of all wartime subsidies paid to stabilize prices and/or to encourage production in Canada. Between the establishment of the price ceiling and March 31, 1943, a total of approximately \$68,500,000 was paid out in subsidies or incurred on trading losses by the Commodity Prices Stabilization Corporation and the three other corporations operating under the Prices Board—the Wartime Food Corporation, the Canadian Wool Board, and the Wartime Salvage, Ltd. Of this total, roughly \$31,000,000 was paid out on domestic subsidies, \$10,000,000 on miscellaneous import subsidies, \$24,000,000 on petroleum imports, and close to \$3,500,000 incurred on trading losses.

Food and agricultural product subsidies accounted for approximately \$27,600,000, of which 85 percent were domestic. Nonfood subsidies, on the other hand, amounted to approximately \$34,000,000, of which \$24,000,000 was paid out on petroleum imports, about \$4,400,000 on other imports, and only \$5,800,000 on domestic products.

During the calendar year 1942, the Department of Agriculture paid out a total of \$71,200,000 in subsidies, of which \$54,900,000 was paid in connection with pre-war programs of wheat reduction and prairie farm assistance. Only approximately \$16,200,000 was paid on wartime subsidies such as the feed freight assistance program, the feed wheat drawback and the apple assistance program.

Estimates of expenditures on subsidies payable in 1943-44 by the Commodity Prices Stabilization Corporation amount to \$119,000,000 of which \$40,000,000 is to be paid out on domestic products, \$64,000,000 on imports—including \$24,000,000 on petroleum, and \$24,000,000 on raw cotton and cotton fabrics—and \$15,000,000 on trading losses. No estimates are available covering trading losses expected to be incurred by the other three corporations operating under the prices board, and the estimates of the C. P. S. C. expenditures are stated by the Minister of Finance to be very rough guesses at best. New subsidies have been authorized since the estimates were prepared and rates are subject to change.

Domestic food and agricultural product subsidies—including trading losses—are expected to be only \$30,400,000 but the largest subsidies paid on food last year by the corporation and all the domestic food producer subsidies payable this year are now paid by the Department of Agriculture. No estimate is given for import subsidies on food and agricultural products but these will be very small since many of the products on which subsidies were payable last year are now subject to purchase and sale by the corporation. Trading losses on food will amount to \$1,700,000. Of the \$30,400,000 estimated as payable on food and agricultural products \$20,000,000 will be paid out to compensate for the 2 cents a quart reduction in the retail price of milk which went into effect in December 1942. Other important subsidies are \$2,000,000

on canned fruits and vegetables and \$1,500,000 on potatoes.

Non-food subsidies will account for \$74,000,000, of which roughly \$50,000,000 will be paid out on imports of petroleum and raw cotton and cotton fabrics. Another \$5,000,000 will be paid out on wool imports and \$13,000,000 on trading losses covering such products as binder twine and cotton yarn for manufacturing twine, wool yarns, and fabrics, chemicals for fertilizer, and industrial alcohol. Only \$7,800,000 is to be paid on domestic products, of which \$2,300,000 is accounted for by the subsidy on leather footwear and glove and garment leather both of which have been greatly reduced if not entirely eliminated. Lumber accounts for \$1,100,000, coal \$1,300,000, and soap and shortening, which although officially designated as a domestic subsidy is subsidized largely because of the great increase in imported fats and oils, will be responsible for nearly \$2,000,000.

No comparable estimates are available covering subsidies to be paid by the Department of Agriculture. An estimate for the calendar year 1943 indicates that approximately \$100,000,000 will be paid. About \$28,000,000 of this is accounted for by the wheat acreage reduction program and the prairie farm assistance program. The balance of \$72,000,000 can be considered as wartime subsidies of which \$25,000,000 is to be paid on butterfat, \$10,000,000 on milk, \$2,600,000 on cheese, \$14,500,000 on the feed wheat draw back and freight assistance programs, \$1,500,000 on vegetables sold for canning, \$2,300,000 on apples, and \$14,600,000 on oats, barley, and flaxseed.

The current annual rate of wartime subsidy payments on food, agricultural and nonfood items may be very roughly estimated at \$190,000,000 or more. The cost of all subsidies payable on food and agricultural products in 1943-44 may be very roughly estimated at a minimum of \$100,000,000. These figures do not include whatever sum may have to be paid out in the form of a drawback or subsidy to millers on wheat. In fiscal year 1942-43, a total of \$3,000,000 was paid out by the Department of Trade and Commerce for this purpose. The Government has now become the sole purchaser of wheat at a price which is considerably higher than that prevailing last year. Maintenance of ceilings on flour prices will therefore cost considerably more than last year. No figures are available for trading losses which may be incurred by the Canadian Wool Board, the Wartime Salvage, Ltd., or the Wartime Food Corporation—the latter corporation is now inactive. Finally the figures does not include subsidies, for example, coal, which may be paid by the Department of Munitions and Supply. Certain items are also not included in the estimate of total food and agricultural product subsidies.

The total cost of current subsidies is approximately 2 percent of 1942 gross national income, and about 4 percent of total war expenditures estimated for 1943-44. An equivalent sum in the United States based on the difference in national income would be \$3,000,000,000.

7. CONCLUSION

The provisions of the Canadian wage ceiling, authorizing the payment of cost-of-living bonuses to compensate for increases in the cost-of-living index, has presented special problems of price control. A ceiling over wages and salaries was considered essential to the maintenance of a ceiling over the prices of commodities and was introduced at the same time as the general price ceiling. In order, however, to ensure the support of labor the government guaranteed the payment of bonuses if the cost of living was not stabilized. For every one point increase in the cost-of-living index a bonus of 25 cents a week—with some exceptions for certain low-paid workers—was required.

Although the price ceiling was effective in checking most price increases the prices of many staple foods, particularly meats, continued to increase through 1942. The cost-of-living index rose 2.4 points between October 1, 1941, and July 1, 1942, necessitating the payment of an increased cost-of-living bonus of 60 cents a week to approximately 2,500,000 to 3,000,000 workers subject to the wage control and bonus order. Four months later the index had risen another 0.7 point, threatening another increase in the cost-of-living bonus. The board feared the effect on the price ceiling of cost increases arising from further bonus payments. Furthermore, certain important groups are not eligible for cost-of-living bonuses. It therefore seemed more equitable to take special steps to check the rise in the index rather than to compensate for increases through the payment of bonuses.

In December 1942 the board adopted a new subsidy policy. Direct control of variations in the cost-of-living index was to be achieved through a policy of selective reduction of retail prices and the payment of subsidies wherever this was necessary. Milk, oranges, tea, and coffee were the items selected for this purpose in December. The price of fluid milk sold to consumers was reduced by 2 cents a quart at retail. Maximum retail prices for tea and coffee were reduced 10 cents and 4 cents a pound, respectively, and appropriate reductions were made at all levels. Although neither tea nor coffee constitute important items in the index, they are widely consumed, and the fact that the entire supply of both commodities is purchased and sold by the Government contributed to the ease of a price reduction, which merely involved lowering the Government selling price. Orange prices were reduced to base-period levels by removing the customs duty and the war-exchange tax and authorizing a subsidy to meet increased import costs. The total weight of these four foods in the food component of the cost-of-living index is 18 percent, approximately 6 percent of the total cost-of-living index. Shortly afterwards banana prices were reduced by means of the removal of the customs duty, war exchange, and special excise tax, and butter prices were reduced, the provision for seasonal increases eliminated, and the subsidy on

butterfat increased. As a result of these reductions, together with some seasonal declines, the food index fell 5.5 points by January 1, 1943, and the total index declined 1.7 points, thus eliminating the immediate necessity of increasing the cost-of-living bonus. By the use of this technique subsidies are not paid to finance wage increases, but are paid to prevent wage increases.

In spite of the considerable drop in the cost-of-living index as a result of the price roll-back for these goods, the index has continued to increase and by September 1, 1943, was 1.5 points above the figure for July 1942, when the last cost-of-living bonus was authorized. It appears clear that another increase in the bonus will have to be authorized on the basis of the October 1 index. The amount of the bonus is calculated on a quarterly basis.

Although the subsidy policy adopted last December in regard to milk, oranges, tea, and coffee was designed to use subsidies to prevent any increase in bonus payments, the Government has not continued this policy and has evidently decided not to attempt to hold the cost-of-living index rigidly stable by means of subsidies.

In connection with this particular subsidy technique it is perhaps of interest to note that subsidies were not necessarily paid on the commodities which had shown the greatest price increases and because of which subsidies were considered necessary. Increases in the price of beef and other meats, for example, had been the major cause of the rise in the cost-of-living index. One logical remedy would appear to be the payment of a direct subsidy on meat, but the board apparently rejected this proposal. In the absence of control over livestock prices—which are exempt from the Canadian price ceiling along with many other farm products when sold by producers to processors or distributors—and because of the particularly complicated price structure of meats, it may have been considered too difficult to exercise the proper control over a meat subsidy. Since, however, the purpose of the subsidy program was to stabilize the total cost-of-living index and since the board pointed out that the payment of subsidies was not intended to benefit any particular industry or firm but was merely a method of stabilizing prices in general and protecting the consumer, it did not appear illogical to select the recipients of subsidies on the basis of administrative and economic effectiveness of control rather than of special need. For this reason the board selected commodities such as tea, coffee, milk, and oranges, which presented relatively simple subsidy problems as well as constituting important items in the cost of living. In two cases—tea and coffee—the supply was purchased and sold entirely under Government auspices. In the other two cases the source of supply and the fact that the price structure was already subject to control at all levels were important factors.

The necessity of subsidies as a technique of effective price control has been

consistently emphasized throughout the 2 years of the Canadian price ceiling. In a speech before the Chicago Better Business Bureau in the spring of 1943, Mr. Donald Gordon, deputy governor of the Bank of Canada and chairman of the Wartime Prices and Trade Board, said:

Our experience leads me to say, rather definitely, that a price ceiling policy cannot be successful unless there is an acceptance of this principle and a judicious but unhesitating application of it when the need is apparent.

Furthermore, Mr. Gordon went on to say:

We have found in practice that it has not been necessary to pay out anything like the sums which some pessimists predicted.

He emphasized that:

We have found that our declared willingness to provide such subsidies has enabled us to * * * reach agreements between parties providing for a fair sharing of increased costs without actually paying a subsidy at all—

And that he is convinced that in many cases such arrangements could not have been made—

If a willingness to subsidize in case of a proven need had not been expressed in advance.

In another speech Mr. Gordon argued—

If instead of subsidies, price increases were allowed to take place, then not only would you have the indiscriminate and haphazard dislocations of inflation but as well the elected representatives of the people would have no means of influencing the situation.

By the use of subsidies the distribution of cost increases may be effectively and equitably controlled by the Government.

Nor can we make one rule for food prices and another for other kinds of commodities—

Continued Mr. Gordon—

Food prices represent one-third of the wage earner's cost of living and higher food prices bring higher wage rates.

Although total price stabilization subsidy payments, excluding subsidies paid primarily as production incentives rather than price stabilization measures, may amount to \$120,000,000 or more during the current fiscal year it has been estimated by the Prices Board that savings to the Canadian consumer as a result of the first year of the price ceiling amounted to approximately \$400,000,000.

The importance of effective price control as a factor in stabilizing labor costs cannot be overemphasized. The Canadian Government realized that the wage ceiling could not be held or even justified unless the cost of living was stabilized. Although compensatory increases in labor income in the form of cost-of-living bonuses were guaranteed in the event living costs did increase, the price control and subsidy program has been administered particularly with a view to preventing increases in the cost-of-living index, since increased bonus payments would in turn exert increased pressure on prices and encourage the spiral of inflation. In one particular instance, described above, a subsidy was authorized specifically to prevent the index from ris-

ing and to avoid an increase in the cost-of-living bonus. The fact that Canadian price control has kept the cost-of-living index from rising more than 3 percent in the 22 months since the ceiling was introduced has been the major factor in stabilizing wages. Since the Canadian Government repeatedly states that price control cannot be effective without the payment of subsidies, the direct relation of subsidies to the stabilization of labor costs is obvious. It is true that Canadian labor has criticized the cost-of-living index as a true measure of the cost of living and has increasingly protested the strict administration of the wage ceiling, demanding increases in wage rates. The National War Labor Board has so far refused to authorize wage increases except in a few instances and where wage rates have been abnormally low or inequitable. Unfortunately statistics on the trend in wage rates since the establishment of the ceiling are not available. Monthly indexes of per capita weekly earnings in eight leading industries are available and although there has been an increase in weekly earnings it is due only partly to increases in wage rates. The increase in earnings is due mainly to longer hours, overtime at higher rates of pay, increased production at piece-work rates, upgrading, and other factors.

The trend in per capita weekly earnings and in the cost-of-living index since December 1941 is given below:

[December 1941=100]

	Index of per capita weekly earnings ¹	Cost of living index ²
1941—December ³	100.0	100.0
1942—		
January.....	95.6	99.7
February.....	101.2	99.9
March.....	102.2	100.1
April.....	104.0	100.1
May.....	104.6	100.3
June.....	103.2	100.8
July.....	104.3	101.8
August.....	104.8	101.6
September.....	107.2	101.4
October.....	108.0	101.7
November.....	109.1	102.4
December.....	110.0	102.6
1943—		
January.....	102.2	101.1
February.....	109.7	100.9
March.....	112.4	101.2
April.....	114.0	101.6
May.....	112.0	102.0
June.....	113.2	102.3
July.....	113.4	102.6
August.....	113.4	102.9

¹ Canada, Dominion Bureau of Statistics, The Employment Situation, August 1943.

² Canada, Dominion Bureau of Statistics, Prices and Price Indexes, August 1943.

³ Date of imposition of general price and wage and salary ceiling.

The SPEAKER pro tempore (Mr. COFFEE). The time of the gentleman from Wisconsin [Mr. DILWEG] has expired.

Mr. DILWEG. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therewith an index.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The SPEAKER pro tempore. Under previous order heretofore entered, the gentleman from Michigan [Mr. JONKMAN] is recognized for 45 minutes.

REPUBLICAN CONGRESSIONAL FOOD
STUDY COMMITTEE

Mr. JONKMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a report by the Republican Congressional Food Study Committee.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. JONKMAN. Mr. Speaker, we have been informed by the majority leadership that there is no legislative program for this week; this notwithstanding the fact that the people of the United States are demanding such relief from the oil, gas, and fuel shortage as is offered in the Disney bill, from bureaucratic oppression in the Dirksen bill, and others of a similar nature. Nevertheless, these bills are neglected in the respective committees. While they should be reported out, the House is prevented from acting on them by this neglect. In this respect it is desirable that Members sign discharge petitions Nos. 14 and 13 at the Speaker's desk, and afford the House opportunity for action to give the public the relief they need and want.

However, the Fulmer bill has been reported out by the Committee on Agriculture and reposes in the Committee on Rules. There is no valid reason why it should not be brought on for hearing before the House this week, tomorrow. The principal feature of the Fulmer bill is the provision for a single Food Administrator to eliminate chaos and correlate our national effort in the vital production, processing, and distribution of food for war and civilian needs.

Mr. MUNDT. Mr. Speaker, will the gentleman yield?

Mr. JONKMAN. I yield.

Mr. MUNDT. In view of the fact that the gentleman who preceded you spent 1 hour discussing food subsidies supporting the Canadian program and food subsidies as having possible application to this country, and answered an interrogation by the gentleman from Wisconsin [Mr. KEEFE], asking whether there was any evidence in the Canadian experience to indicate that subsidies would increase production, by a negative answer, saying that there was no such evidence, it would seem to me therefore, even taking the argument of the proponents of subsidies that we can find no hope for increased production through such an arrangement, and it is high time the Congress acted on the Fulmer bill which provides, as you have stated, for a single food administration. Unquestionably the appointment of a single Food Administrator would increase production, and end the chaos and confusion and buck-passing now taking place in the food-production program. Consequently it would seem to me that Congress, instead of dilly-dallying, hesitating, hemming, and hawing, postponing, and forever delaying action on subsidies week after week and month after month, when it is brought out by the proponents of the subsidy program that it will not increase production, the Rules Committee and the majority leadership in Congress should act on the Fulmer bill and give us this single food administrator so that we can increase

production so desperately needed, not only by this country, but our allies in this war. I wonder if the gentleman agrees?

Mr. JONKMAN. The gentleman is eminently correct. I thank the gentleman for his contribution. I think the Fulmer bill will increase and stimulate production.

Along with others, I have been pleading for the appointment of a single Food Administrator with adequate power and responsibility since the summer of 1942. Early this year the Republican Congressional Food Study Committee was formed, consisting of some 45 Members of Congress. It delved thoroughly into our food situation, and in May introduced H. R. 2739, known as the Jenkins bill, providing among other things for the appointment of a single Food Administrator. Most of its provisions have been incorporated in the Fulmer bill. But we can get no action on this legislation.

Mr. WINTER. Will the gentleman yield?

Mr. JONKMAN. I yield.

Mr. WINTER. Does the gentleman have any idea or does he know why it is that we cannot get action on this bill?

Mr. JONKMAN. If the gentleman will bear with me, just a moment, I am coming to that right now.

It is apparent that the President and his administration are opposed to such correction in the chaotic procrastination, indecisions, conflict of authorities, clash of personalities and lack of understanding of the various agencies muddling our food situation. In his November 1 message to Congress, the President repeatedly refers to this demand in some quarters for a single food administrator as loose talk.

But one has only to read that part of the President's message devoted to administration of the food program to realize that the shoe is on the other foot and that the President is indulging in loose talk. The President blandly promises that the allotment of steel for farm machinery for use in 1944 has been increased by doubling the amount available for use this year. But nowhere in any part of his message, does he say what agency will see to it that this allotment is available.

Two weeks ago, and before the date of the President's message, I called attention in this Well to the flimsiness of this promised increase of steel allotment for our farm-machinery program.

Mr. LANDIS. Mr. Speaker, will the gentleman yield?

Mr. JONKMAN. I yield.

Mr. LANDIS. There is no question but that the lack of farm machinery is a hindrance to the food-production effort. We will need more farm machinery next year than we did last year. I wonder if the gentleman will explain his interpretation. Will we get the farm machinery next year or is it just a promise?

Mr. JONKMAN. I was just coming to that. I then called attention to the W. P. B. reported shortage of over 6,000,000 tons for the third quarter, and estimated shortage of nearly 5,000,000 tons for the fourth quarter of 1943, mak-

ing a shortage of 25 percent of steel for present requirements. This makes an additional allotment for farm machinery very doubtful.

Be that as it may, the irony of the situation is that the farmers and farm-equipment dealers do not believe this promise, nor do they put their trust in it.

In other words, it is their claim that this order gives only AA-2 rating and that they should have an AA-1 rating; that the AA-2 rating is nothing more than the right to get machinery if they can get it in the market. In other words, it is like a fishing license. Until you have it, you do not have the right even to fish, but after you have the license you have no assurance you will get the fish.

Farm-equipment dealers and associations are instructing and advising the farmers to hang on to every piece of old machinery they have, to patch it up and repair it, rather than expect new machinery under this promise. One manufacturer claims that even under the sanguine conception that the steel will be available, it will provide only 19 additional tractors for the whole State of Michigan.

It is this spirit of eternal vigilance, energy, and husbandry of free enterprise in agriculture and industry that has won and will have to win the battle of production on the home front in spite of the administration.

If the administration fails to stimulate this heroic effort by cooperating with an adequate supply of farm machinery, it is the duty of Congress to take action for this accomplishment.

It was because of the chaotic conditions in the administration of the whole food problem that the Republican Congressional Food Study Committee undertook an examination of the laws and Executive decrees dealing with the subject. It is my privilege to present its report to the House, which is as follows:

CONFUSION AND CHAOS—A STUDY IN THE
ADMINISTRATION OF THE FOOD PROBLEM

It seems rather anomalous that with the largest agricultural crop in the history of the Nation in 1942 and with reports that the 1943 crop will almost equal it, there should be a danger of a food shortage in the United States during the winter and spring of 1943-44. Such a danger has been brought to the American people by the utopian promises of the Administration to feed large blocks of the world's population, while at the same time it failed to create a positive food policy and then adhere to it.

Ten years ago, when the present administration came into authority, the press and radio carried glowing stories of the great reorganization that was to take place in the conduct of governmental functions, these stories being based to some extent upon the presumed success of the former Governor of New York in reorganizing that State. From that time to the present there have been innumerable reorganizations, creation of new governmental units and agencies, both by legislation recommended to the Congress and by Executive orders, as well as the reorganization of many of these new agencies and the abolishment of others. Simply to list these agencies would require many pages. One was pyramided upon another, with overlapping duties and functions, until almost the entire Federal Government service is in a state of turmoil unsurpassed in our history.

At the outset, through the so-called Economy Act of 1933, the positions of thousands of Government employees were jeopardized, and many of them with excellent knowledge and ability to carry on the functions of the Federal Government were dismissed from the service. Following this temporary reduction of Government employees, thousands upon thousands of new employees were brought into the service in an unparalleled expansion of governmental activity. Men and women were placed in administrative positions who had little conception of the practical problems with which they were to deal. The consequent confusion placed the whole foundation of governmental activity upon shifting sands, that today finds expression in the lack of critical materials, manpower shortages, and probable food shortages, which would induce disaster were it not for the resourcefulness, integrity, and ability of private economic interests of the Nation to cope with the situation—plus a benevolent Nature that gave us large crop surpluses for the past 3 years.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. JONKMAN. I yield.

Mr. JENSEN. I have enjoyed what the gentleman had to say. I am sure he is ringing the bell. I also want to say that I have asked for 30 minutes to address the House tomorrow on a matter which I think is very important. I have introduced a bill to create an examining staff for each subcommittee of the Committee on Appropriations, with the exception of the Judiciary and Legislative subcommittees. I am going to take the 30 minutes and I would like to have as many of my colleagues ask me questions at that time about my bill as possible, and I will try to make some observations and argument to prove that my bill should be adopted. I trust that I can have as many of my colleagues on the floor to take part in the debate as possible tomorrow. I thank the gentleman for yielding me this time.

Mr. JONKMAN. I thank the gentleman for his contribution. I am sure his bill will be constructive and his remarks will add to the general concept of the release that is needed for the American people.

The report continues:

The Republican Congressional Food Study Committee, as an unofficial committee of Members of Congress, is primarily interested in the problems related to food. An examination of the Federal handling of this problem over the past several years definitely shows that, after 4 years of actual warfare, 3 years after the fall of France, and almost 2 years after the Japanese attack upon Pearl Harbor, the administration still flounders in trial-and-failure methods, without constructive policies that can be put into practical effect.

One wonders if at this late date the same blind philosophy of scarcity and governmental domination of every private activity does not still control the actions of Federal officials, from the President on down.

Mr. SCHIFFLER. Mr. Speaker, will the gentleman yield?

Mr. JONKMAN. I yield to the gentleman from West Virginia.

Mr. SCHIFFLER. I am very much interested in what the gentleman has to say regarding production. I am wondering if the gentleman has given any thought to the method of distribution,

and I especially have in mind the story which appeared in the New York Times yesterday in which it was stated that the Commodity Credit Corporation was offering for resale back to the packers 2,700,000 cases of grapefruit juice and 17,000 cases of unusable eggs. I also have in mind some of the complaints reaching me from my own district with reference to the surplus of meat that some of my packers are caught with, the stock being there to butcher but the stamps not being there in the hands of the purchasers to take it up. Does not the gentleman believe that very much of this problem is due to the improper method of distribution as well as that of production?

Mr. JONKMAN. In my opinion the gentleman is absolutely correct. I believe it is due to failure to have a single Food Administrator; and, also, as shown later on in this report, the great difficulty of our present situation is due to the fact that we used operational methods instead of a topical approach to the problem.

The report continues:

Certain it is that the reluctance upon the part of the Executive head of our Government to grant specific authority to a single individual to centralize all of the control of food—production, processing, and distribution—is largely responsible for the present chaotic conditions, which create a food problem. After all these years, there is still an inter-agency battle for authority, following at least two different approaches to the whole problem. The result is that the administration is not yet properly organized to direct wartime food policies, when, under competent leadership, it would have been organized to meet these problems long before Pearl Harbor.

This internal strife between two divergent philosophies of procedure—the one operational and the other topical¹ has been encouraged by the failure of the supreme authority of the administration to face the issue squarely and to centralize authority in a single individual.

Executive orders establishing new agencies, or reorganizing old agencies, have been pyramided one upon the other in terms of abstract ideas rather than as specific directives. This has likewise been true in the interpretation of laws passed by the Congress, in order that they might suit the changing day-to-day fancies of administrative officials. Many of these agencies were built around similar operational groupings under a peacetime economy, with a total disregard of functional overlapping. Separate bureaus were established, which duplicated or withdrew from long-established Government departments, each with a Cabinet member at its head, the normal, logical functions of those departments. Instead of carrying out activities in accordance with the direction included in the statutes, general Executive orders created a governmental structure that followed an operational pattern.

Thus such highly interdependent problems as social security, labor relations, and

¹By the use of the term "operational" throughout this study, it is meant that the majority of governmental units are given responsibilities dealing with separate functions of our economy, such as production in one agency, distribution and rationing in another agency, determination of priorities in still another agency, etc. Likewise the term "topical" is intended to mean all of the related problems of a given subject, whether they be production, processing, distribution, priorities, etc., as related to that commodity or group of commodities.

manpower availability were placed in separate agencies in such manner as to encourage duplication of effort, conflict between agencies, dissatisfaction, distrust, and dissension between governmental officials, and the elimination of all hope for unified control of any single problem of Government. A superb example was the Axis-inspiring public charges and countercharges, during this past summer, between the Vice President of the United States, the Honorable HENRY A. WALLACE, and the Honorable Jesse Jones.

Because of the tremendous growth in our industrial economy, largely through mechanization, industry became highly specialized and its individual problems had to be met by the development of a specialized personnel. The incomprehensible nature of the presumed policies of the administration early produced such chaos and confusion among Government personnel that the notion was finally conceived of borrowing from industry's successful experience with its specialized personnel. Sections were established within governmental agencies, staffed by service officers and so-called efficiency experts, in an effort to cope with the serious problems that confronted an overexpanded and continuously expanding Federal administration. The first step in this direction was the establishment of an Administrative Management Division in the Bureau of the Budget.² Taking their cue from this important arm of government, almost every department and bureau of the Government created similar units. Management specialists, dealing with legal operations, personnel problems, and fiscal relationships, made extensive studies upon which recommendations could be based supposedly to improve governmental administrative functions. These led to recommendations overemphasizing operational organization in preference to topical organization.

In the fields of food production, processing, and distribution this operational organization is one of the principal causes for the crisis now being faced by the American people. It appears that the solution of food problems can properly be encouraged through topical organization. Only thus will the closely interrelated factors involved in the production, processing, and distribution of food be adequately met, for under it full authority for policy and administrative guidance will rest in the hands of a single individual. All of the problems of a given commodity are a continuous, integrated operation, from its production to its final consumption. The issues inherent in stimulating food production, processing, and distribution, involving as they do related factors of manpower availability, labor management relationships, cost and pricing, are so closely allied to each other that a single unit of government must correlate these problems in order to provide their successful solution. The American manufacturer or businessman, who must collaborate with government through its domination of every phase of our economic life under the present operational method of procedure, is forced to go to one agency to ascertain the wages he may be permitted to pay labor; to another agency to fix prices at which he may sell his product; and sometimes to a third agency to ascertain prices which he may pay for his raw materials. He must contact another division of government to determine the manner in which he may amortize the indebtedness of his business, while still other and different agencies of government must be contacted and then cajoled, influenced, or flattered to secure decisions on the basis of which he may operate his business.

²Source: U. S. Government Manual, summer 1943, p. 55. Established under Reorganization Act of 1939.

The consequent delays in such a diverse handling of the related problems of food are in themselves so great as inevitably to destroy any useful purpose for which these agencies may have been created.

In the simple matter of pancake flour, the difficulties of which industry were first brought to the fore by members of the Republican Congressional Food Study Committee, and which were forcefully brought to the attention of the administration and the Congress in a statement on the floor of the House of Representatives by Congressman CHRISTIAN A. HERTER, on June 30, 1943, it has taken the Office of Price Administration from that time until September 2, 1943, to grant authority for including in the costs of production the actual increases in the cost of raw materials entering into pancake flour.

Because these specialists, who were brought into the Government service to bring order out of the chaos already created, were for the most part youthful theorists, without practical knowledge or experience, the Government was not able to change over from a peacetime economy to a wartime economy coincident with the attack on Pearl Harbor. And notwithstanding the public statements already made and the protests which will now follow, the Federal Government is not yet wholly mobilized for the proper solution of the food problem.

In spite of the clear implications of a rapid deterioration of our international relationships with the Axis Nations, when the war broke out there was little or no organization within the Federal Government to deal with the problems of food as such. The Department of Agriculture was originally organized to deal with the problems of food primarily from an agrarian point of view. Within its structure there had been created such agencies as the Agricultural Adjustment Administration,² to dominate and control production (largely under a philosophy of scarcity) and to maintain farm income. The Farm Security Administration³ had been created to aid low-income farm families. The Soil Conservation Service⁴ was created for the purpose of conserving soil and developing productive soil in large areas of the country that were well below the average of production. The Federal Crop Insurance Corporation⁵ was established for the purpose of protecting the agriculturalist against crop hazards. The Farm Credit Administration⁶ functioned as an organization primarily to extend seasonal or long-term credit as an incentive, as well as protection for the farmer. The Rural Electrification Administration,⁷ as its name implies, was created for the essential purpose of modernizing and mechanizing our rural properties.

There was a Surplus Marketing Administration,⁸ whose primary function was to main-

tain a minimum standard of farm prices and insure distribution by purchasing surplus farm production and distributing it either to low-income groups under the stamp plan, or to encourage export through subsidies, or to encourage diversion of farm production from one commodity to another. The Commodity Exchange Administration⁹ and the Agricultural Marketing Service¹⁰ were the only two agencies in the Department of Agriculture which were in a position to accept any responsibilities in our conversion from a peacetime food economy to a wartime food economy. They had been created with a view to encouraging fair practices in the marketing of agricultural products, but there had not been the foresight adequately to prepare them to meet the conditions which would be imposed upon the Nation in providing sufficient food for a United States at war.

Notwithstanding the fact that as long ago as 1933 the Division of Consumers' Counsel¹¹ had been created in the Department of Agriculture, for the specific purpose of protecting consumer interest in the formulation of any agricultural programs, it now appears that, in the period from September 1, 1939, to December 7, 1941, no steps whatsoever were taken by this counsel in contemplation of the problems war would create.

It was on May 25, 1940, almost 9 months after Hitler's invasion of Poland, that the President took definite action toward creating a wartime organization, when he established the Office for Emergency Management.¹² Its functions were "to (a) assist the President in the clearance of information with respect to measures necessitated by the emergency; (b) maintain liaison between the President and the emergency war agencies for the purpose of securing maximum utilization and coordination of agencies and facilities in meeting the emergency; and (c) perform such additional duties as the President may direct."

Four days later, on May 29, 1940, under the authority of an act of Congress dated August 29, 1916, which created the Council of National Defense (the members of which were the Secretary of War, Secretary of the Navy, Secretary of the Interior, Secretary of Agriculture, Secretary of Commerce, and the Secretary of Labor), the President approved the regulation of the Council that "the advisory commission provided for in section 2 of the act of August 29, 1916 (39 Stat. 649), shall be composed of an adviser on industrial production, an adviser on industrial materials, an adviser on employment, and adviser on farm products, an adviser on price stabilization, an adviser on transportation, and an adviser on consumer protection."¹³ According to the United States Government Manual, summer 1943 edition, published by the Office of War Information, "This was the beginning of the national defense program."¹⁴

Two months later the Agricultural Division of this advisory commission submitted its recommendations with reference to the food problem, which in effect specifically called attention to the failure of the Department of Agriculture and the entire administration to exercise foresight by preparing for the coming emergency. These recommendations, submitted more than 10 months after the outbreak of the war in Europe, urged the collection of food-supply data and their centralization in a single unit. At this meeting, the Council adopted a resolution authorizing the

preparation of a plan of organization and procedure for a food unit in the Defense Commission's Agricultural Division. Under its direction, in August 1940, in collaboration with the Bureau of Agricultural Economics,¹⁵ the Surplus Marketing Administration and the Agricultural Marketing Service, it undertook a food survey covering raw materials, production, processing, transportation, storage, industrial location, and prices.

It was at about this time, August 1940, that the Advisory Commission of the Council of National Defense ceased to function as an integrated unit, and its problems and responsibilities were scattered throughout various other Government agencies. Quoting again from the United States Government Manual, we find the following:

"Industrial production, industrial materials, and labor became integral parts of the Office of Production Management, now the War Production Board. Price stabilization and consumer protection were combined into the Office of Price Administration and Civilian Supply, now the Office of Price Administration. The Division of Agriculture was succeeded by the Office of Agricultural Defense Relations, now the Office of Agricultural War Relations in the Department of Agriculture. The functions of the Transportation Division were absorbed by the Office of Defense Transportation. The agencies which evolved from the Advisory Commission to the Council of National Defense, with the exception of the Office for Agricultural War Relations and the Office of Price Administration, are now units of the Office for Emergency Management."¹⁶

On January 7, 1941, the Office of Production Management¹⁷ was created by Executive order. The Office of Lend-Lease Administration¹⁸ was established under authority of an act of Congress dated March 11, 1941, but it actually came into being on October 28, 1941, and replaced the Division of Defense Aid Reports, which was established on May 2, 1941. In the meantime the Office of Price Administration and Civilian Supply¹⁹ was created on April 11, 1941; and on August 28, 1941, it became the Office of Price Administration.

The administration was establishing parallel organizations to deal with problems of our industrial economy and food on a wartime basis, while in some instances similar organizations already existed on a peacetime basis. Instead of providing coordination, these agencies simply created additional bureaucracy. The establishment of additional Government bureaus meant greater divergence of opinion in solving the problems we faced. Under the aegis of such confusion it was inevitable that agencies would be created within agencies; that conflicts would develop further conflicts; that contradiction in governmental directives would flow in an ever-increasing stream further to complicate the problems of production, processing, and distribution.

In establishing the Office of Production Management as a separate entity, which organization was to deal with the general problems of production, purchasing, and priorities, the President enlarged the operational rather than the topical method of handling the problems, with further duplication of governmental functions. Here again was pyramiding of organization upon organization, for, under its over-all responsibilities covering the production of everything needed for carrying on the war, it took many func-

¹⁰ Ibid., p. 327. Created by Agricultural Appropriation Act of 1923; subsequently reorganized.

¹¹ Ibid., p. 61.

¹² Ibid., p. 623. Established within Office for Emergency Management.

¹³ Ibid., p. 86.

¹⁴ Ibid., p. 152.

² Ibid., p. 604. Created pursuant to Agricultural Adjustment Act of May 12, 1933.

³ Ibid., p. 339. Created pursuant to Emergency Relief Appropriation Act, approved April 8, 1935; amended by Executive order of April 30, 1935, creating Resettlement Administration, which was transferred to Department of Agriculture by Executive order of December 31, 1936; name changed to Farm Security Administration by Secretary's memorandum of September 1, 1937.

⁴ Ibid., p. 342. Established pursuant to Soil Conservation Act, approved April 27, 1935.

⁵ Ibid., p. 341. Created by title V of Agricultural Adjustment Act of 1938, approved February 16, 1938.

⁶ Ibid., p. 354. Created by Federal Farm Loan Act, approved July 17, 1916, with subsequent amendments.

⁷ Ibid., p. 363. Created by Executive order of May 11, 1935, under authority of Emergency Relief Appropriation Act of 1935.

⁸ Ibid., p. 629. Established by President's Reorganization Plan III, effective June 30, 1940.

⁹ Ibid., p. 609. Created by memorandum of Secretary of Agriculture, effective July 1, 1936, superseding Grain Futures Administration.

¹¹ Ibid., p. 604. Established by Secretary of Agriculture pursuant to Agricultural Appropriation Act of 1940.

¹² Ibid., p. 613. Created pursuant to Agricultural Adjustment Act of 1933.

¹³ Ibid., p. 62. Established in the Executive Office of the President by administrative order of May 25, 1940.

¹⁴ Ibid., p. 61.

¹⁵ Ibid., p. 61.

tions relating to food out of the hands of Mr. Chester Davis, who was the responsible head of the Agricultural Division of the National Defense Advisory Commission, and placed them in the hands of persons who dealt with everything—industrial production, war-material production, manpower, and food. Consequently on May 6, 1941, following the first resignation of Mr. Davis, the functions of the Agricultural Division of the National Defense Advisory Commission—limited to their peacetime problems—were transferred to the operating agencies of the Department of Agriculture, while similar functions related to the war program were under the Office of Production Management.

The Economic Defense Board,²¹ created on July 30, 1941, and which became the Board of Economic Warfare on December 17, 1941, was responsible for the importation of foodstuffs. A month later, on January 16, 1942, the War Production Board²² was created within the Office for Emergency Management by an Executive order, giving authority for the establishment of general policies, plans, procedures and methods over procurement, allocation and priorities, including critical materials necessary for food production.

In the meantime much of the Lend-Lease Administration authority in connection with the exportation of food had been redelegated to the Department of Agriculture. All matters affecting farm labor, food-processing labor, and food-distribution labor were placed under the authority of the War Manpower Commission,²³ when it was created within the Office for Emergency Management by an Executive order of April 18, 1942.

The Office of Defense Transportation²⁴ had the responsibility of handling all problems of transportation, whether of food or anything else.

Apparently the only real attempt that has been made throughout the entire administration to concentrate the problems of food were those undertaken by the Secretary of Agriculture in his reorganization of the Department of Agriculture in December 1941.²⁵ Under that reorganization the Agricultural Marketing Administration²⁶ consolidated the activities of the Agricultural Marketing Service, the Commodity Exchange Administration, and the Surplus Marketing Administration. An Agricultural War Board²⁷ was established, and some of the war food activities of other agencies were delegated to the Department of Agriculture. For example, the Commodity Credit Corporation began to secure food in foreign countries for the Board of Economic Warfare; the Agricultural Marketing Administration began to carry out many of the activities of the Lend-Lease Administration under its direction; but all matters of policy were determined in the respective agencies, and the facilities of the Department of Agriculture were used only to carry them into effect. Each of these separate Government bureaus began to employ "food experts" to handle the food problem from its respective viewpoint, under the terms of the multiple Executive orders authorizing them to function. Again it was inevitable that prolonged discussion after separate consideration would bring needless delays in reaching necessary administrative decisions to solve any of the serious problems which were facing us. Responsibility was divided, and even where no disagreement existed the time element entering into a coordination of action between various agencies was excessive.

²¹ Ibid., p. 132.

²² Ibid., p. 117.

²³ Ibid., p. 100.

²⁴ Ibid., p. 82. Established within Office for Emergency Management by Executive order of December 18, 1941.

²⁵ Ibid., p. 324.

²⁶ Ibid., p. 604. Consolidated by Executive order of February 23, 1942.

²⁷ Ibid., p. 326.

Public and congressional demands were made to fix responsibility as long ago as the summer of 1942. The immediate outcome was the establishment of a Food Requirements Committee in June 1942, by the War Production Board, and this notwithstanding the fact that the Department of Agriculture is presumed to be more familiar with the food requirements of the Nation than any other agency of the Federal Government. While it is true that the Secretary of Agriculture was appointed chairman of this committee, the inability of the committee to function properly was apparent from the outset. It had no authority for the establishment of policy, but was responsible for action. It was in the same position in which Mr. Chester Davis found himself as Chairman of the Agricultural Division of the Advisory Commission, when he was given responsibility without authority. The strike that developed between governmental officials having responsibility in carrying forward the problems of food became so great that they began publicly to present their grievances, thus focusing attention once again upon the failure of the President to grant authority with responsibility.

It was at this time that one of America's great statesmen, the Honorable Herbert Hoover, Food Administrator of World War No. 1, forcefully advocated the centralization of all authority and responsibility for food in a single agency of government. Regardless of party affiliation, the American public and public officials, with the exception of that small coterie of "advisers" who seem to have dominated every major activity of the Federal Government for the past 10 years, recognized the wisdom of Mr. Hoover's suggestion. In fact, the wisdom of it was so well recognized within administration circles that it precipitated a free-for-all battle between at least three of these agencies—the Office of Price Administration, the Department of Agriculture, and the War Production Board—to obtain full authority and responsibility over the control of the national food problem.

On October 3, 1942, the President issued an Executive order creating the Office of Economic Stabilization,²⁸ also within the Office for Emergency Management, which was to issue directives on policy to practically every Federal department and agency of the Government.

Finally, on December 5, 1942,²⁹ by an Executive order, the public was led to believe that authority over food was to be centered in the Department of Agriculture. In actual fact, however, it simply placed a part of the food problem in the Department of Agriculture in that the Secretary was given responsibility to ascertain food requirements and to develop food production. While responsibility in connection with the transportation of food and the procurement of agricultural labor was given to him, the Office of Defense Transportation, the Interstate Commerce Commission, and the War Manpower Commission still retained their authority over transportation and labor; and the War Production Board still had the final word concerning the allocation of materials for the production of farm machinery.

With regard to this latter, it was not until after the Republican Congressional Food Study Committee and other Members of Congress focused the spotlight of publicity upon the great shortage of agricultural machinery that any action was taken by the War Production Board to alleviate the serious situation that was facing our farmers. At the same time, while the responsibility was placed in the Secretary of Agriculture to increase food production, the whole problem of price fixing and food rationing was retained in the Office of Price Administration.

²⁸ Ibid., p. 84.

²⁹ Ibid., p. 325. The second wartime reorganization of the Department.

It is now apparent that the Secretary of Agriculture failed to exercise the responsibilities thus given (without policy-making authority) to meet the food issue squarely. He permitted intra-departmental disagreements to arise between the various agencies of the Department of Agriculture; and after more than 3 months, during which food for civilian domestic consumption became a major public issue, he failed to take any steps that would constructively aid in their solution. Public criticism, both in the press and on the radio, became such a national issue that the President could no longer deny the severity of that criticism for his failure to meet the situation properly.

Various agencies of the Department of Agriculture, including the Food Production Administration, the Commodity Credit Corporation, the Food Distribution Administration, and the Agricultural Extension Service were combined to form the War Food Administration.³⁰ There was such widespread recognition of the ability of Mr. Chester C. Davis that he was appointed Administrator. Mr. Davis, however, upon examining the situation, came to the conclusion that the same old policy of responsibility without authority was still in vogue, as it had been when he resigned as head of the Agricultural Division of the National Defense Advisory Commission. He found that he had all of the responsibility of increasing food production, making food purchases for various governmental agencies, allocating food within certain limitations to the military forces, lend-lease and civilian requirements; but he had no authority whatsoever over rationing civilian supplies or establishing prices to the producer, the processor, the distributor or the consuming public. In a very short time, apparently well-founded rumors were circulating throughout the country that reached a climax toward the middle of June 1943, when Mr. Davis addressed his now famous request for an interview with the President, in which he stated: "I find that I have assumed a public responsibility, while the authority, not only over broad food policy, but day to day actions, is being exercised elsewhere."

During the following week the President interpreted Mr. Davis' request for an interview as a letter of resignation, and appointed Mr. Marvin Jones in his place as War Food Administrator.

Shortly after Mr. Davis' appointment as War Food Administrator, it became so obvious that there was still a reluctance upon the part of the inner circle advising the President to relinquish its strangle hold upon the administration by granting authority commensurate with responsibility, that Mr. Hoover again publicly recommended out of his World War No. 1 experience that full authority and responsibility be placed in the hands of a single individual. It was at this time that the Republican Congressional Food Study Committee was appointed. Democratic leaders in the Congress, with a view to avoiding any action that might be interpreted as a criticism of the conduct of the food problem, had completely failed in providing necessary congressional action. The devastating effect upon civilian morale, both on the farm and in the city, was rapidly becoming apparent. A potato shortage developed. Notwithstanding the ration coupons in the possession of the consuming public, they were unable to purchase beef from the butcher shops. Processors did not know what prices they would be permitted to pay to producers for many commodities. The delays inherent in the dual set-up of food control along operational lines was too well making itself manifest.

On the basis of its early investigations, the Republican Congressional Food Study Com-

³⁰ Ibid., p. 330. Consolidated by Executive order of March 26, 1943.

mittee proposed a bill to centralize all authority on the food problem in a single administrative agency. This bill (H. R. 2739) was introduced in the House of Representatives on May 18, 1943, by the chairman of the Food Study Committee, Hon. THOMAS A. JENKINS. On June 1, 1943, Hon. HAMPTON P. FULMER, chairman of the Committee on Agriculture of the House of Representatives, introduced another bill (H. R. 2837) designed to accomplish a similar purpose. Both of these bills proposed to establish a single food administration within the Department of Agriculture, which would take over the fundamental duties outlined in a long series of Executive orders, and which would also give the Food Administrator policy-making authority along with responsibility.

On June 28, 1943, Senate 1283 was introduced by Senator VANDENBERG, of Michigan, as a counterpart of Congressman FULMER's bill as reported to the House of Representatives. Up to the present time no legislative action has been taken on these bills.

Information received by the Republican Congressional Food Study Committee indicates that during the 2 months Congress was in recess the strife between governmental agencies for full authority over the control of food for civilian usage has continued with an increasing tempo.

Contrary to the statement of the President in his food production message of November 1, it is apparent that Mr. Jones, as War Food Administrator, finds himself in the same position as did Mr. Davis, and that as a result little or no progress has been made up to this time toward a constructive solution of the food problem. The continued mishandling of the whole food problem through the lack of centralization of authority and responsibility inevitably brings discouragement to the farmers, the processors, and the distributors of this country, who have done a magnificent job under the most severe handicaps.

It is apparent that the continued failure of the Administration to cope with the situation in a manner satisfactory to the American people can now be mitigated only by Congress taking the initiative in enacting such legislation as is necessary effectively and constructively to meet the situation. The first step in this direction should be the enactment of the Fulmer bill (H. R. 2837), which was favorably reported from the Committee on Agriculture on June 24 last. Since that time it has been in the hands of the Rules Committee, and it is urgently recommended that the Rules Committee take immediate action to bring this exceedingly important bill to the floor of the House.

NOVEMBER 8, 1943.

Mr. JONKMAN. Mr. Speaker, I yield back the balance of my time.

The SPEAKER. Under the previous order of the House, the gentleman from Washington [Mr. COFFEE] is recognized for 15 minutes.

WHY NOT MANUFACTURE ETHYL ALCOHOL FROM PULP MILL WASTE SULFITE LIQUOR FOR SYNTHETIC RUBBER IN UNITED STATES—THE CASE OF THE PUGET SOUND PULP & TIMBER CO. OF BELLINGHAM, WASH.

Mr. COFFEE. Mr. Speaker, a recent exposition at the National Capitol before select committees of the House and Senate of a truckload of tires made from the so-called Trib-Buna rubber, impels me to call the attention of the House to one of the most outrageous cases of bureaucratic muddling that has ever come to my attention. Briefly, it is this:

TRIB-BUNA TIRES

The raw material—alcohol—for the rubber in these tires was manufactured from waste sulfite liquor in a Canadian pulp and paper plant owned by the Chicago Tribune. Hence, the name "Trib-Buna rubber."

Please do not misunderstand me. I am finding no fault whatever with the Chicago Tribune, nor with the Canadian interests which manufactured this alcohol. But I desire to draw the attention of Congress to the fact that we have spent \$650,000,000 of the taxpayers' money in developing plants for the production of rubber derived from petroleum, and not one dollar has been spent in the production of the raw material for this rubber from a source of which we have an abundant supply that is now polluting the seas and streams of the United States.

There is one exception to that in a small pilot plant which has just gone into operation in Marquette, Mich.

These Trib-Buna rubber tires, I am reliably informed, after being tested on the roads of the United States over a distance of more than 30,000 miles, have proven themselves equal, if not superior, to natural rubber.

PUGET SOUND PULP & TIMBER CO. PROPOSAL

Now, the point I wish to make is this: On February 11, 1942, 21 months ago, and a little more than a month after the attack on Pearl Harbor, the Puget Sound Pulp & Timber Co., of Bellingham, Wash., which company owns considerable timber in the district I have the honor to represent, made a definite and concrete proposal to the War Production Board to install in the State of Washington a plant almost precisely similar to that which produced the alcohol from which the tires to which I have referred were made. This plant, by the way, is the largest unbleached sulfite pulp mill in the United States.

The Federal Government was, at that time, and probably still is, paying approximately 50 cents (some say an average price of 80 cents) a gallon for ethyl alcohol. This company offered to produce it at a price of from 18 to 20 cents a gallon. The proposal was not turned down. It is still under investigation. This muddling investigation has been going on now for nearly 2 years. In the meantime, Canada has installed its plant, produced the alcohol, converted the alcohol to rubber, manufactured the rubber into tires, and these tires have been running over the highways of the United States for the past 3 months—thereby reminding us day by day of our own bureaucratic stupidity. We could spend between six and seven hundred million dollars in producing rubber from other sources, but we could not afford to risk spending \$1,500,000 to produce the alcohol for this rubber in this country, and at less than one-third the price we have been paying for it.

SWEDEN HAS EMPLOYED THIS PROCESS SUCCESSFULLY

The Puget Sound Pulp & Timber Co. did not go into this blindly, by any manner of means. About 3 years before

making this proposal, officials of the company investigated the Swedish process of producing alcohol from waste sulfite liquor, a process from which 12,000,000 gallons of alcohol had been produced annually in Sweden for several years. The company arranged for the use in the United States of this Swedish process, and brought to the United States men who were familiar with its operation. The general superintendent of this company had been familiar with similar operations in Sweden, and the company went to the expense of securing quotations for machinery, equipment, and appurtenant appliances necessary to build the plant. The company had, and still has, on its staff several men who, as practical operators and engineers and chemists, are capable of managing an operation of this sort.

NO INTRICACIES INVOLVED

No peculiar or unusual problem in salting this waste and converting it to alcohol was involved. It did not require a large amount of equipment, the principal material being a series of tanks used for distilling, storage, and fermentation, and some small items of pumps, automatic controls, and piping.

The proposal made to the Government was that the Puget Sound Pulp & Timber Co. would produce alcohol at a cost of between 18 and 20 cents a gallon. The Government was to advance \$1,500,000 for the construction of this plant, and the plant was to be amortized by crediting to the Government the amount of the difference between the cost of the production and the market price of equivalent alcohol.

Mr. MUNDT. Mr. Speaker, will the gentleman yield?

Mr. COFFEE. I am glad to yield to the brilliant and genial gentleman from South Dakota.

Mr. MUNDT. Is it not true that these conversion and utilization plants not only will make alcohol which produces rubber from a present waste but will also bring about the benefit of cleaning up streams, lakes, and sea water and help preserve fish life and natural resources?

Mr. COFFEE. The gentleman is emphatically correct in that assertion. I am coming to that in a few moments.

Mr. MUNDT. I recall that when we had the pollution fight in the House the gentleman from Washington was one of the ardent supporters of the clean stream. I am very glad to see him launching on this new crusade.

Mr. COFFEE. I thank the gentleman for his splendid compliment and reciprocate by saying that many of us were following his inspiring lead in the program of reducing pollution of streams and waterways of the United States.

PUGET SOUND P. & T. CO. PLAN NOT YET ACCEPTED

The project was not accepted on two grounds:

First. That the project would use too much strategic material. What I would like to know is how this Canadian company was able to secure priorities for this strategic material. I would like to know if these priorities were granted for

American material to go into a Canadian company, and were denied to a company in the United States? It seems strange, to say the least, that an abundance of strategic materials was found to install alcohol-producing plants for the petroleum corporations, and for the distillation of alcohol from grain and sugar, but none could be found to produce alcohol from this waste material that is alleged to be polluting the streams and destroying our fish life.

SULFITE WASTE PULP LIQUOR ALCOHOL MUCH CHEAPER

Second. Objection was made to the fact that the plant would cost \$1,500,000 and would produce only 2,500,000 gallons of alcohol per year. It was alleged that a plant costing \$1,500,000, and using wheat, corn, or sugar, could produce approximately 15,000,000 gallons a year. But let us analyze that a little. It takes about 16 pounds of sugar, or its equivalent in sirup, to produce 1 gallon of alcohol, and with sugar at 2½ cents a pound wholesale, that makes a raw material cost of about 40 cents a gallon. Wheat and corn, in round numbers, are selling at above \$1 a bushel. A bushel of corn or wheat will produce 2½ gallons of alcohol. So there is at least 40 cents raw material cost. This company offered to sell alcohol at 20 cents a gallon to the Government, which is 50 percent of the minimum raw material cost of producing alcohol from farm products or sugar.

Careful estimates show that the amount of sugar contained in this waste sulfite liquor and poured into our streams and lakes amounts to about 450,000 tons of sugar per year. Apparently, our bureaucrats thought it would be sound economy to continue this wasteful process, and, at the same time, put our housewives on a sugar-rationed basis.

Likewise, at a time when the traffic on our railroads and other transportation systems are carrying a heavier burden than at any other time in their history, we have thought it wise to add to that already heavy load by transporting wheat, grain, and molasses to convert those products into alcohol. I do not wish to burden you with a lot of statistics, but let me state briefly that 1,400,000 tons of molasses will produce approximately 100,000,000 gallons of alcohol, about one-fifth of our present requirement. To transport 1,400,000 tons of molasses annually from Cuba would require the use of 14 standard cargo boats of about 10,000 tons each.

ROSTEN UPHOLDS SULFITE LIQUOR ALCOHOL

I quote from the testimony before the Gillette committee of Dr. Rosten, an eminent scientist, who built a number of alcohol-producing plants in Poland and is now doing similar work for Canada:

To build 14 ships we need 50,000 tons of steel and about 1,000 tons of base materials. On the other hand, to build 50 alcohol plants for sulfite liquor about 10,000 tons of steel and 2,000 tons of base materials are necessary. (Using cast iron for distillation columns, we would be able to save about 1,000 tons of base materials.) Besides all this the danger of submarine attack for the alcohol plants is out of the question. If,

instead of molasses, grain is used, 1,200,000 tons of transportation will be required. In the production of alcohol from waste sulfite liquor, the problem of transportation need not be considered, as factories should be built where the raw material is to be obtained, namely, in the neighborhood of the pulp mills.

NO GRAIN SURPLUS NOW

Our Government has many other uses for alcohol than making rubber. It is used in explosives, and meets many other governmental requirements. I quote from remarks made by Congressman DAN REED of New York, on the floor of the House, on March 11, 1942, just about 30 days after this application was filed:

Mr. Chairman, I just want to clear away all this alarm about this surplus so far as grain is concerned. Here are some figures brought out in the hearing before our committee today which I think will be of interest.

It requires 55 gallons of alcohol to dehydrate the necessary amount of powder to fire a 16-inch shell. To produce 1 gallon of alcohol requires 16½ pounds of raw sugar. To fire a 16-inch gun once is equivalent to the firing of 907½ pounds of raw sugar. Every time you fire a 16-inch gun you fire 22 bushels of corn, the amount necessary to dehydrate the powder contained in a 16-inch shell.

When you consider your surplus and realize the magnitude of this war, you will see what is going to happen to this surplus.

SULFITE LIQUOR ALCOHOL HAS OTHER USES

The Scandinavians drink this alcohol. They call it "half and half"—one-half alcohol and one-half water. It is also used by the Scandinavians to increase the octane rating of their gasoline. Roughly, each 1 percent of alcohol added to gasoline increases the rating by 1 octane.

I do not know how much money the Government has spent for alcohol since Pearl Harbor, but it is a colossal sum, and, according to a statement made by Senator GILLETTE the other day, \$650,000,000 have been spent in plant equipment to produce artificial rubber, most of which is made from alcohol.

The production of alcohol from waste sulfite liquor in the United States is a tremendous potential industry. The pulp plants in the States of Oregon and Washington alone could produce more than 40,000,000 gallons of ethyl alcohol per year from this source, at a cost of 20 cents a gallon. There are pulp mills also in many of the Midwestern States, and the northeastern and southern coastal States.

PULP ALCOHOL SHOULD BE CREATED NOW

Think of the effect of the production of this alcohol on rubber. Each gallon of alcohol would produce 2½ pounds of rubber—the type of rubber used for automobile tires. I do not know what the conversion cost would be, but with alcohol at 20 cents a gallon, the raw material cost of rubber would be about 8 cents a pound. Today we are carrying rubber to the United States from West Africa and from South America by airplane and by steamer from Ceylon. I would make a rough guess that it is costing more than 8 cents a pound for transportation. In normal times, natural crude rubber sells at approximately \$1 per pound.

AN ANTIPOLLUTION PROGRAM ALSO

There is still another point to be considered. It is pretty generally charged that the distribution of this waste sulfite liquor into the rivers and streams and coastal waters has a destructive effect on the fish life, and the pulp companies are constantly harassed with damage suits for the destruction of the oyster beds and other fisheries. Both judicial and lay opinion is divided as to whether this waste sulfite liquor is destructive of fish life. The establishment of these alcohol plants would remove the controversy, and if it is true that fish are being destroyed, in these days of food rationing, that would simply mean another extra dividend.

CANADA AHEAD OF UNITED STATES AGAIN

The cold fact is that Canada has started on a project that is susceptible of producing from \$20,000,000 to \$30,000,000 worth of alcohol a year, and alcohol is a very essential material, not only to the prosecution of the war, but to the maintenance of thousands of industrial enterprises after the war is over. In the meantime, the United States has simply dawdled along and done nothing because of the blundering incapacity of the bureaucrats we have in office.

Again, I say, please do not misunderstand me. I am not blaming the Canadians. I think the Canadians are smart—in any event, they have outsmarted us in this particular case. But, in the language of my friend, Senator CHAVEZ, "What, may I ask, is wrong with being for America first?"

Nor, do I wish to be too inclusive in my condemnation of the bureaucrats, for, to my personal knowledge, Mr. Harold Ickes, Secretary of the Interior, and representatives of the Bonneville Power Administration, have done everything they possibly could to bring about the construction of plants to produce alcohol from waste sulfite liquor in this country.

The burden of my complaint is that by developing the production of alcohol from waste sulfite liquor, this country would have eliminated to a considerable extent the sugar shortage; would have furnished us alcohol at less than one-half than we have been paying for it; would have eliminated the use of about 1,000,000 tons of shipping or railroad transportation; and solved, in part at least, the difficult pollution problem in the pulp industry.

The SPEAKER. The time of the gentleman from Washington has expired.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 962. An act for the relief of Mr. and Mrs. Frank Holehan; to the Committee on Claims.

S. 1077. An act for the relief of William A. Haag; to the Committee on Claims.

S. 1225. An act granting a pension to Constance Eager; to the Committee on Invalid Pensions.

S. 1288. An act for the relief of Luther Thomas Edens; to the Committee on Claims.

S. 1373. An act to authorize the Secretary of War to convey to the people of Puerto Rico for school purposes a certain building and lot

known as the Mayaguez Barracks Military Reservation now under the jurisdiction of the War Department; to the Committee on Military Affairs.

BILL PRESENTED TO THE PRESIDENT

Mr. KLEIN, from the Committee on Enrolled Bills, reported that that committee did on November 6, 1943, present to the President, for his approval, a bill of the House of the following title:

H. R. 2859. An act to amend the Naval Reserve Act of 1938, as amended.

ADJOURNMENT

Mr. COFFEE. Mr. Speaker, I move the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 42 minutes p. m.) the House adjourned until tomorrow, Tuesday, November 9, 1943, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the subcommittee at 10 a. m. on Tuesday, November 9, 1943, for consideration of H. R. 3140.

COMMITTEE ON PATENTS—NOTICE OF POSTPONEMENT OF MEETING

The executive session scheduled for today by the Committee on Patents was postponed until Tuesday, November 9, 1943, in the committee room, 416 House Office Building, at 10:30 a. m. Proposed legislation by the National Patent Planning Commission will be discussed.

COMMITTEE ON RIVERS AND HARBORS

The Committee on Rivers and Harbors will meet Tuesday, November 9, 1943, at 11 a. m., to resume hearings on House Joint Resolution 148, a joint resolution to permit the diversion of waters from Lake Michigan to safeguard the public health.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Daylight Saving Time Subcommittee of the Committee on Interstate and Foreign Commerce, at 10:00 o'clock a. m., Tuesday, November 9, 1943.

Business to be considered: Hearing on H. R. 875 to restore standard time during months of January, February, November, and December.

COMMITTEE ON THE JUDICIARY

Subcommittee No. 2 of the Committee on the Judiciary will conduct hearings on H. R. 786, a bill to amend section 40 of the United States Employees' Compensation Act, as amended (to include chiropractic practitioners) at 10 a. m. on Wednesday, November 10, 1943, in room 346, old House Office Building, Washington, D. C.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the committee at 10:30 a. m. on Wednesday, November 10, 1943, on H. R. 2522 and 2832.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk

for printing and reference to the proper calendar, as follows:

Mr. PETERSON of Florida: Committee on the Public Lands. S. 364. An act to authorize the Secretary of the Interior to settle certain claims; without amendment (Rept. No. 845). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. H. R. 3477. A bill to continue the Commodity Credit Corporation as an agency of the United States, to revise the basis of annual appraisal of its assets, and for other purposes; without amendment (Rept. No. 846). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 3597) granting a pension to Ole M. Anderson, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. ALLEN of Louisiana:

H. R. 3631. A bill to suspend the immigration of aliens into the United States from the end of hostilities of the present war until the number of unemployed persons, including United States war veterans, within the United States is less than 1,000,000; to the Committee on Immigration and Naturalization.

By Mr. BENNETT of Missouri:

H. R. 3632. A bill to amend the act of July 4, 1836 (5 Stat. 107), entitled "An act to reorganize the General Land Office"; to the Committee on the Public Lands.

By Mr. POULSON:

H. R. 3633. A bill to permit the naturalization of Filipinos who served in the World War; to the Committee on Immigration and Naturalization.

By Mr. RANKIN:

H. R. 3634. A bill to amend part VII of Veterans Regulation No. 1 (a), as amended, to make further provision for the education of honorably discharged World War No. 2 veterans, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. VINSON of Georgia:

H. R. 3635. A bill to amend section 11 of the act of March 4, 1925, relating to the compensation, pay, and allowances of the Marine Band; to the Committee on Naval Affairs.

By Mr. BELL:

H. J. Res. 189. Joint resolution to provide for the continuation of the government of the Philippine Islands; to the Committee on Insular Affairs.

By Mr. JARMAN:

H. Res. 348. Resolution authorizing the printing of the manuscript entitled "Chronology of Major International Events from 1931 Through 1943, with the Ostensible Reasons Advanced for the Occurrence Thereof," as a House document; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GEARHART:

H. R. 3636. A bill for the relief of Josephine Guidoni; to the Committee on Claims.

By Mr. MERROW:

H. R. 3637. A bill granting a pension to Eliza Manzer; to the Committee on Invalid Pensions.

H. R. 3638. A bill for the relief of Osborn Rollins; to the Committee on Military Affairs.

By Mr. MANSFIELD of Texas:

H. R. 3639. A bill for the relief of Herman Weinert, Jr., M. D.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3470. By Mr. GRAHAM: Petition of 25 citizens of Butler, Pa., urging passage of House Resolution 117, in order to authorize the United States to forward food and necessary supplies to those unfortunate children, who are suffering from hunger in the occupied countries of Europe; to the Committee on Foreign Affairs.

3471. By Mr. GREGORY: Petition presented by E. B. Nall, of Paducah, Ky., representing 54 members of the West End Baptist Church of Paducah and the Margaret Hank Memorial Cumberland Presbyterian Church of Paducah, supporting House bill 2082, to reduce absenteeism, conserve manpower, and speed production of materials necessary for the winning of the war, by prohibiting the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war; to the Committee on Military Affairs.

3472. By Mr. COCHRAN: Petition of the Henry Levison National Defense Committee, American Legion, Department of Missouri, and signed by 170 St. Louis citizens, protesting against the passage of House bill 2082 which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

3473. Also, petition of Mr. W. L. Newell and 66 other citizens, protesting against the passage of House bill 2082 which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

3474. Also, petition of the Painters District Council, No. 2, and signed by 17 St. Louis citizens, protesting against the passage of House bill 2082 which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

3475. Also, petition of Anheuser-Busch, Inc., Post No. 299, the American Legion, and signed by 46 St. Louis citizens, protesting against the passage of House bill 2082, which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

3476. Also, petition of the Ramsey Accessories Manufacturing Corporation, tool and die department, and signed by 20 St. Louis citizens, protesting against the passage of House bill 2082 which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

3477. By Mr. ANGELL: Petition of the members of the Berean Sunday School Class of the First Methodist Church of Portland, Oreg., asking for enactment of House bill 2082; to the Committee on the Judiciary.

3478. By Mr. WOLCOTT: Petition of 22 members of the Richmond Woman's Club, Richmond, Mich., expressing interest in House Resolution 117, which seeks to give aid to the starving children of Europe; to the Committee on Foreign Affairs.

3479. By Mr. LEWIS of Ohio: Petition of Mary E. Acton and 61 other residents of Bethesda, Ohio, and nearby villages, urging passage of House bill 2082; to the Committee on the Judiciary.

3480. Also, petition of Ida Kail and 29 other residents of Lamartine, Ohio, and nearby vil-

lages, urging passage of House bill 2082; to the Committee on the Judiciary.

3481. Also, petition of Ralph Crozier and 119 other residents of Shadyside and surrounding communities, protesting against the enactment of any and all prohibition legislation; to the Committee on the Judiciary.

3482. By Mr. SCHIFFLER: Petition of Theodore L. Sushka and other citizens of Wheeling, W. Va., opposing the passage of House bill 2082; to the Committee on the Judiciary.

3483. By Mr. WHITE: Petition of 88 members of the First Baptist Church, the Methodist Episcopal Church, the Church of Christ, and citizens of Kuna, Idaho, protesting against the passage of Senate bill 1105, to amend section 211 of the Criminal Code, as amended (relating to certain nonmailable matter); to the Committee on the Post Office and Post Roads.

3484. Also, petition signed by 25 farmers of Kootenai County, Idaho, urging the support of legislation to continue the Federal Crop Insurance Corporation; to the Committee on Agriculture.

3485. By Mr. POULSON: Petition of Mrs. Lawrence G. Clark and others, urging the passage of the Bryson bill (H. R. 2082), prohibiting the manufacture, sale, or transportation of alcoholic liquor in the United States for the duration of the war and until the termination of demobilization; to the Committee on the Judiciary.

3486. By the SPEAKER: Petition of the International Lions Club of San Juan, P. R., petitioning consideration of their resolution with reference to revenue derived from taxes on rum exported from Puerto Rico; to the Committee on Insular Affairs.

3487. Also, petition of Francis Jean Reuter, of Washington, D. C., petitioning consideration of resolution with reference to petition No. 221, Seventy-eighth Congress; to the Committee on the Judiciary.

SENATE

TUESDAY, NOVEMBER 9, 1943

The Reverend Henry H. Crane, D. D., minister of the Central Methodist Church, of Detroit, Mich., offered the following prayer:

Infinite God, in whom we live and move and have our being, we pause this moment to acknowledge our need of Thee.

In these dark days of difficulty, danger, and desperation, we crave the light of Thy leadership. Our own weak wisdom is not enough; our meager human strength is not sufficient. We would lay hold of Thy divine resources to carry us through the bitter ways of this global war to the vastly more important winning of the peace.

Lift us, we pray Thee, above all pettiness and pursuit of personal gain into the greatness of selfless devotion to the common welfare. Lead us past the appeal of partisanship to patriotism, and beyond patriotism to the glory of world brotherhood.

Keep us proudly old-fashioned in our Christian convictions, intelligently up to date in our ideas, and daringly ahead of our times in our ideals. Forgive our faults, our follies, and our furies. Make us honestly repentant for our mistakes and our wrongdoing. Keep us reverently humble in our successes, and unfalteringly courageous and wise in fulfilling

our obligations to Thee, to this our beloved country, and to the whole sad, mad world.

Attend us, O God, during the travail and the torture of these tragic times. Grant that the pains of parturition may not be in vain. Forbid that our high hopes should be still-born. Bring into being, O God, the brave, new world we so desperately long for—one world, indivisible, with liberty and justice for all. And may this august body play its supremely important part superbly.

In the name of our Lord and Master, Jesus Christ. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The Secretary, Edwin A. Halsey, read the following letter:

UNITED STATES SENATE,

PRESIDENT PRO TEMPORE,

Washington, D. C., November 9, 1943.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. GUY M. GILLETTE, a Senator from the State of Iowa, to perform the duties of the Chair during my absence.

CARTER GLASS,

President pro tempore.

Mr. GILLETTE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. TYDINGS, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, November 5, 1943, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

NOTICE OF HEARING ON NOMINATION OF ELMO PEARCE LEE, SR., TO BE UNITED STATES CIRCUIT JUDGE, FIFTH CIRCUIT

Mr. HATCH. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing of the committee will be held on the morning of November 16, 1943, at 10:30 a. m., in the Senate Judiciary Committee room, upon the nomination of Elmo Pearce Lee, Sr., of the State of Louisiana, to be United States circuit judge for the Fifth Circuit Court of Appeals, vice Hon. Rufus E. Foster, deceased. At that time and place all persons interested in the nomination may make representations to the committee.

CALL OF THE ROLL

Mr. TYDINGS. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Andrews	Brooks	Chandler
Austin	Buck	Chavez
Bailey	Burton	Clark, Idaho
Bankhead	Bushfield	Clark, Mo.
Barbour	Butler	Connally
Barkley	Byrd	Danaher
Bilbo	Capper	Davis
Brewster	Caraway	Downey

Eastland	McClellan	Shipstead
Ellender	McFarland	Smith
Ferguson	McKellar	Stewart
George	Maloney	Taft
Gerry	Maybank	Thomas, Idaho
Gillette	Mead	Thomas, Okla.
Green	Millikin	Thomas, Utah
Guffey	Murdock	Truman
Gurney	Murray	Tunnell
Hatch	Nye	Tydings
Hawkes	O'Daniel	Vandenberg
Hayden	O'Mahoney	Van Nuys
Hill	Overton	Wagner
Holman	Pepper	Wallgren
Johnson, Calif.	Radcliffe	Walsh
Johnson, Colo.	Reed	Wheeler
Kilgore	Revercomb	Wherry
Langer	Reynolds	White
Lodge	Robertson	Wiley
Lucas	Russell	Willis
McCarran	Serugham	Wilson

Mr. HILL. I announce that the Senator from Washington [Mr. BONE] and the Senator from Virginia [Mr. GLASS] are absent from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from New York [Mr. MEAD], and the Senator from Georgia [Mr. RUSSELL] are necessarily absent.

The Senator from Nevada [Mr. McCARRAN] is conducting hearings in the West on behalf of the Committee on Public Lands and Surveys, and is therefore necessarily absent.

Mr. WHITE. The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Wisconsin [Mr. LA FOLLETTE] are absent because of illness.

The Senator from New Hampshire [Mr. TOBEY] is absent on public business.

The Senator from Vermont [Mr. AIKEN], the Senator from Minnesota [Mr. BALL], and the Senator from Oklahoma [Mr. MOORE] are necessarily absent.

The ACTING PRESIDENT pro tempore. Eighty-seven Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a bill (H. R. 3598) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944, and for other purposes, in which it requested the concurrence of the Senate.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

WAR DEPARTMENT—DAMAGE CLAIMS (S. Doc. No. 111)

A communication from the President of the United States, transmitting an estimate of appropriation submitted by the War Department to pay claims for damages to, or loss or destruction of, property, amounting to \$31,960.75 (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

CLAIM FOR DAMAGE TO ROADS AND HIGHWAYS OF STATES (S. Doc. No. 112)

A communication from the President of the United States, transmitting an estimate of appropriation submitted by the Public Roads Administration to pay a claim for